Daily Report

East Europe

FBIS-EEU-95-102
Friday
26 May 1995

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FBIS-EEU-95-102 *26 May 1995*

CONTENTS

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INTER-EUROPEAN AFFAIRS

East European Ministers To Discuss NATO *[AFP]* 1

ALBANIA

'Purge' Seeks To Stop Emigrants, Secure Embargo *[Editorial Report]* 2
Commentary on 'Earthquake' *[KOHA JONE 25 May]* 2

BULGARIA

Tsochev, FRG's Rexrodt Discuss Cooperation *[Sofia Radio]* 4
Meeting Assessed *[Sofia Radio]* 4
Savov on Joining NATO, Cooperating With SDS *[TRUD 22 May]* 4
Premyanov on German Visit, Position on NATO *[DUMA 23 May]* 5

HUNGARY

Kovacs on Bosnian Air Strikes: No Other Option *[Budapest TV]* 6
Detailed Map To Go on Digital Data Base *[NEPSZAVA 22 May]* 6

BOSNIA-HERZEGOVINA

Silajdzic: NATO Action Restores Credibility *[Sarajevo Radio]* 7
Ganic Comments on NATO Air Strike on Pale *[Sarajevo Radio]* 7
Bosnia Serbs: NATO Sides With Moslems Again *[AFP]* 7
Plavsic Denies Rift Among Bosnian Serbs *[TELEGRAF 24 May]* 7
Public Statement on Serb Unification Plan *[SRNA]* 9

CROATIA

Valentic: Tehran Initiative Narrows Gap in Ties *[Tehran IRNA]* 11
Martic Assails UN on Croatian Refugee Issue *[SRNA]* 11
Croatian Views on Sarajevo-Belgrade Contacts *[VJESNIK 9 Apr]* 11
Article Discusses Technocrats Leaving HDZ *[VJESNIK 7 Apr]* 13
Voters Rate Representatives in Parliament *[HRVATSKI OBZOR 18 Apr]* 15
Effects of Demobilization Examined *[VJESNIK 13 Apr]* 16
Article States HVO Artillery Controls Knin *[VJESNIK 27 Apr]* 17
Description of Law on Armed Forces *[VJESNIK 9 Apr]* 18
3d Anniversary of Zadar Air Force Base *[VJESNIK 8 Apr]* 20

THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

NDP Holds News Conference on Coming Congress *[Skopje Radio]* 21
Court Sentences Professor for Rally in Tetovo *[MIC]* 21
Rift Seen in Islamic Religious Community *[BORBA 7 Apr]* 21
Large General Strike Scheduled for Major Cities *[POLITIKA 26 Apr]* 22
Article Views Protest *[VECERNJE NOVOSTI 27 Apr]* 23
Protest Continues *[POLITIKA 29 Apr]* 23

POLAND

Supreme Court Repeals Kuklinski Sentence *[GAZETA WYBORCZA 26 May]* 25
Editor Comments on Trial *[GAZETA WYBORCZA 26 May]* 25
Columnist Backs Kuklinski *[ZYCIE WARSZAWY 26 May]* 25
Oleksy's Moscow Trip, East Foreign Policy Viewed *[RZECZPOSPOLITA 16 May]* 26
Oleksy Interviewed on Coalition, Policies *[WPROST 28 May]* 28
PSL Leader Criticizes 'Obsequiousness' to West *[Warsaw TV]* 30
PRC Deputies' Visit Raises Human Rights Issues *[GAZETA WYBORCZA 25 May]* 30
Comment: Relationship With Russia, Lost Chances *[WPROST 9 Apr]* 31
Defense Industry Role in NATO Membership *[WOJSKO I WYCHOWANIE Mar]* 32
Sejm Deputies Concerned About Privatization *[GAZETA WYBORCZA 24 May]* 36
Economic Role of Small-, Medium-Sized Firms *[NOWA EUROPA 24 Mar]* 37
Deutsche Bank Attempts To Enter Polish Market *[NOWA EUROPA 15 Mar]* 40
Polish-Czech Trade Fair Scheduled in Katowice *[NOWA EUROPA 29 Mar]* 41
Russian Money-Laundering in Poland Increases *[GAZETA POLSKA 13 Apr]* 41
Decreased Birthrate Noted in Demographic Report *[TRYBUNA 6 Apr]* 42

ROMANIA

Vacaroiu, Zieleniec on Regional Cooperation *[Bucharest Radio]* 43
Melescanu, Zieleniec Discuss Relations, Integration *[Bucharest Radio]* 43
Head of Privatization Body Arrested for Corruption *[AFP]* 43
Government Debates Ratification of CE Norms *[Bucharest Radio]* 43
Goncz Sends Message to HDUR Forum *[Budapest Radio]* 45
Arkan's 'Guard' Runs Gas-Smuggling Ring *[EVENIMENTUL ZILEI 12 May]* 45
Details of 1995 Military Budget *[OBSERVATORAUL MILITAR 29 Mar]* 46
Communique on Meeting of Defense Council *[OBSERVATORUL MILITARA 12 Apr]* 48

SLOVENIA

Drnovsek on 'Reasonable' Italian Government *[VECER 25 Apr]* 51
Document on Economic Development Strategy *[VECER 28 Apr]* 51
Data Provided on Privately Held Weapons *[PRIMORSKI DNEVNIK 30 Apr]* 52
Reporter Examines Refugee Center in Slovenia *[OSLOBODJENJE 20 Apr]* 53

YUGOSLAVIA

Federal

Living Standard Declines as Reform Continues *[POLITIKA 21 May]* 56

Serbia

Envoy Talks With Milosevic, Sees Hope for Peace *[TANJUG]* 57
Radicals Say Milosevic Agreed to Air Strikes *[SRNA]* 57

Montenegro

Djindjic Warned About Secession Tendencies *[TELEGRAF 24 May]* 58

Kosovo

Demaci to UK: Stop 'Another Bosnia' in Province *[Kosova Daily Report]* 58
British Diplomats Voice 'Concern' Over Situation *[Kosova Daily Report]* 59

East European Ministers To Discuss NATO

AU2505151895 Paris AFP in English
1425 GMT 25 May 95

[FBIS Transcribed Text] Budapest, May 25 (AFP)—Defense ministers from four former communist countries in central Europe will meet here Tuesday and Wednesday [30-31 May] to discuss membership of the North Atlantic Treaty Organization, the defense ministry announced here Thursday.

Their meeting will come three days after NATO's North Atlantic Assembly (NAA) begins its spring session in Budapest Saturday, the first such meeting to be held in a former Warsaw Pact country.

Cooperation within NATO's Partnership for Peace program, regional air control and cooperation within the so-called Open Skies program will also be on the agenda of the defense ministers from the Czech Republic, Hungary, Poland and Slovakia.

The four countries cooperate closely in the so-called Visegrad group.

Representatives of the 16 member countries of NAA, and delegations from 15 central and eastern European countries, will take part in closed door sessions Saturday and Sunday.

They will take part in the work of the NAA's five committees, covering the areas of defence and security, politics, economics, civilian and technical and scientific matters.

Enlargement of NATO to include former Soviet Union states, as well as armed conflicts in Russia and the former Yugoslavia and the development of democracy in the former communist eastern Europe will be among the topics discussed.

Meetings will culminate Monday in a plenary session, opened by chairman of the Hungarian parliament Zoltan Gal and NAA Chairman Karsten Voigt of Germany.

To coincide with the meeting, the Hungarian army is to destroy seven SCUD missile launchers in the presence of delegates of the NAA session.

The NAA is the unofficial parliamentary wing of the North Atlantic Treaty Organization, which aims to scrutinise NATO's work.

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'Purge' Seeks To Stop Emigrants, Secure Embargo

AU2505161595

[FBIS Editorial Report] Tirana KOHA JONE in Albanian on 24 May carries, on page 2, under the title "Earthquake in the Public Order Ministry—Policemen of Rinas Airport, Vlore, and Malesia e Madhe Dismissed and Transferred," correspondents' reports and commentary totaling 1,500 words.

Reporting from Rinas, "A.B." writes: "About 130 policemen and officers making up the security and control staff of Rinas Airport were suspended from work at noon last Monday [22 May] on the instructions of a senior official of the Public Order Ministry. According to ministry sources who asked not to be identified, this order was part of a purge that will affect not only Albania's sole international airport but also other important points that may be involved in the traffic of clandestine migrants and where there are extensive opportunities for corruption. 'At 1230 on Monday,' one of those suspended said, 'Police Inspector Agim Shehu ordered us to leave our posts and surrender our weapons, without giving any explanation for this drastic step.' Besides ordinary policemen, 20 officers of the crime squad and Azem Duraku, the airport commandant, have also been dismissed."

Reporting from Vlore, S. Hibro writes: "In a procedure led by Deputy Interior Minister Sabri Jasa, it took 10 minutes in Vlore police station last Monday to communicate transfer orders to Genc Fejzullahu, chief of the Vlore Commissariat; Sazan Ferhati, chief of the criminal police; Hasan Hasani, public order chief; and Ilirjan Hasani, chief of the Traffic Inspectorate. Sources in the Commissariat who asked to remain anonymous said that the stated explanation in Deputy Minister Jasa's order was transfer to other duties, but it is thought that the real reason is to put an end to the traffic in clandestine migrants, or at least to create the impression that something is being done in this direction."

Reporting from Malesia e Madhe on the border with Montenegro, Jetmir Shpuza states that "an earthquake has struck the Malesia e Madhe Police Commissariat," with the replacement of many of its officers. "The arrival of new officers to head the police is an attempt by the Interior Ministry to ensure an absolute enforcement of the embargo. It seems that the ministry's measures show a lack of confidence in the Malesia e Madhe police officers, and indeed suspicion of their involvement in cross-border smuggling."

Commenting on these operations, Andi Bushati writes: "More than being concerned about confiscating a couple of tanker trucks or motorboats, the Albanian authorities have realized that it is time to think seriously about the image of the state they govern. In the last few months, Albania has figured on the list of states failing to respect the embargo against the former Yugoslavia, as well as being one of the main threats to the area of the Schengen countries, because an average of 5,000 clandestine migrants per day have crossed to Italy." "If until yesterday the West knew postdictatorial Albania through its citizens who shinnied along ships' hawsers in search of a better life, the pictures of Euronews and the articles of THE NEW YORK TIMES have changed her image to that of a port full of Kurds, Chinese, and oil barrels. Whereas the flood of people fleeing destitution in 1991 drew attention to the need for more help and attention to this country, the pictures of smugglers and clandestine migrants in 1995 have led to immediate protests from the West and the deployment of the Italian Army on the Adriatic coast. It is this image that the Albanian Government is trying to combat. At his meeting last Monday with Italian Deputy Interior Minister Rossi, Albanian Interior Minister Agron Musaraj reported the seizure of 60 motorboats in an operation in Vlore in the last few days. He asked for more visas and more employment for Albanians. Our minister also pledged 'as few clandestine migrants as possible from Albania.' Only this can explain the lightning strikes of the last few days. The Albanian authorities have realized that the colossal profits from the traffic in black gold and yellow migrants are not worth the degeneration of the image of the state. This is why they are obliged to act to preserve the state by purging its lowest echelons."

Commentary on 'Earthquake'

AU2505185195 Tirana KOHA JONE in Albanian 25 May 95 p 2

[Commentary by A. Shkullaku: "Why the Albanian Government Is Acting"]

[FBIS Translated Text] The earthquake that shook the Interior Ministry staff might have "struck" earlier, because the problems of clandestine migrants and violations of the embargo have been causing Albania problems in the international arena for a long time. However, the deployment of the Italian Army in Puglia, the danger posed to the Schengen Agreement, and the protests of the United Nations necessarily required a response from the Albanian side. Arid declarations from Albanian officials would not suffice. Tangible action was called for, to show that the state was commited to observing international norms and that the illegal network in Albania has at least not become part of the system.

This is why there have been staff changes in the police, why special forces were sent to Lake Shkoder, and

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why Meksi remembered to ask for more visas for Albanians. All these things might have happened earlier, but the Albanian state has long ago made "locking the stable door" its speciality. Worse yet, it is creating the impression that any changes it makes are purely for show—spoiling, abroad, the reputation for seriousness that it has long lost among the public at home.

The Albanian press has written about oil smuggling, but it did not occur to the government to turn off the tap. The illegal landings of Kurds and Chinese have been talked about, but the state legitimized them by even supplying catering premises. There have been dozens of reports of Albanians losing their lives on the shores of Italy and in the mountains of Greece, but Meksi has said that we cannot oblige these states to liberalize their visa policies and to admit seasonal workers. This was the state's response when it knew that the accusations came from its own citizens and could not jeopardize its power but only its reputation, a reputation that had long ago been compromised.

Only when the motorboats and tanker trucks caused protests from international organizations and the EU itself did the Albanian Government begin to feel that not everything can be passed over in silence. Italian Deputy Interior Minister Rossi said to Prime Minister Meksi that "migrants have entered the EU illegally across the Adriatic Sea," i.e. to Italy from Albania. He added that such a thing was seriously threatening the image of Italy, "which has been criticized by her European partners for failing to observe the Schengen Agreement." This visit by the Italian deputy minister followed several protests over violations of the embargo, especially by the Argentine Cardenas [name as published], chairman of the UN Sanctions Commission. All these things together obliged the state mechanism to somehow set itself in motion. Meksi asked Rossi to liberalize visas, open consulates, and legalize refugees and seasonal workers. Musaraj sent special forces to Vlore and Lake Shkoder and decided to change almost completely the police personnel in the "hot spots."

Albanian officials nevertheless do not want to admit that all these changes are a result of international pressure. They admit that they are taking stronger measures, but do not say why they are doing so at precisely this moment. Minister Musaraj does not want to create the impression that he has responded late and under duress. He does not admit that his personnel have indeed been "struck by an earthquake," but says that it is a matter of restructuring. "We have not dismissed personnel," he says, "but only made changes." Nevertheless, Musaraj said in his statement to the official media yesterday that the changes were made in commissariats that showed evident weakness in the fight against crime, upholding the embargo, and the struggle against the illegal crossing of migrants. He thinks the new appointees are more capable and hopes that problems with the embargo and migrants will be minimized. In fact, there have always been changes, mainly in the commissariats, but the problems in question have never been solved. Senior officials are right to hope, but also to fear—because they know well that there is such a big difference between the state's salary and the smuggler's baksheesh that even the new appointees will find it hard to resist. Through their most recent measures, they have issued a challenge to themselves, If the reforms newly carried out by Musaraj are also ineffective, this shows that organized crime has become part of the system. Then everything will be different for Albanian officials.

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Tsochev, FRG's Rexrodt Discuss Cooperation

AU2505162495 Sofia Khorizont Radio Network in Bulgarian 1300 GMT 25 May 95

[FBIS Translated Text] Kiril Tsochev, Bulgarian deputy prime minister and minister of trade and foreign economic cooperation, who took part in the second session of the Bulgarian-German Cooperation Council, met with FRG Economy Minister Guenther Rexrodt in Berlin today.

The two sides assessed highly the session's results. Mr. Rexrodt expressed a positive opinion regarding Bulgaria's intention to create a bank to develop and assist medium-size enterprises. The German Restoration Credit Institute will assist Bulgaria in this enterprise.

Germany will also aid the infrastructure project on constructing a new bridge across the Danube in its northwestern variant, the German economy minister said, and expressed his country's readiness to render consulting assistance and cooperate in providing EU funds for financing the project.

Germany's commitment to be a basic protector of Bulgaria's interests in the EU was reiterated.

Meeting Assessed

AU2505162595 Sofia Khorizont Radio Network in Bulgarian 1500 GMT 25 May 95

[FBIS Translated Text] Kiril Tsochev, deputy chairman of the Council of Ministers, today returned from Berlin, where he headed a Bulgarian delegation to the second session of the Bulgarian-German Cooperation Council.

Five working groups held meetings within the framework of the council session. Special interest was shown in investing in food industry enterprises, agriculture, and tourism.

A cooperation agreement, as well as agreements on preferential relations in specific spheres, were signed.

Savov on Joining NATO, Cooperating With SDS

AU2605112895 Sofia TRUD in Bulgarian 22 May 95 p 9

[Interview with Stefan Savov, Democratic Party leader and cochairman of People's Union, by Todor Tokin; place and date not given: "A Clear Position on Whether We Want To Join NATO Is Necessary"]

[FBIS Translated Excerpt] [Tokin] Mr. Savov how do you assess the visit of Russian Prime Minister Chernomyrdin against the background of the future of Bulgarian-Russian relations?

[Savov] I cannot express a competent opinion because we actually could not read or receive full and comprehensive reports on his visit. Naturally, every visit of a Russian prime minister is very important. For me, as a person who still thinks that politics determine economy, it is more interesting to know what the attitude of Chernomyrdin or rather Russia, on the NATO issue has been. I am under the impression that we have been served a warning, precisely as happened earlier in Moscow, that we should not join NATO.

[Tokin] Does it mean that after the visit the chances of our membership in NATO became more remote than before?

[Savov] I think so. I was a member of the delegation led by National Assembly Chairman Blagovest Sendov, which visited Germany. The differences between the government majority, including Chairman Sendov, and the representatives of the opposition emerged there precisely on the NATO issue. I do not know why both Sendov and Krasimir Premyanov [Democratic Left parliamentary faction chairman] tried to suggest to our German partners—and they were many, we had more than 12 meetings—that in Bulgaria there is almost a consensus on the issue of NATO membership. I think that those statements were not precise, because it is one thing to adopt a declaration such as the one we have had since 1993, and another—to make statements. We were told this absolutely clearly by Mr. Karsten Voigt, chairman of the North Atlantic Assembly. He warned us not to harbor the illusion that there are people in Brussels who are constantly pondering the issue of whether Bulgaria would join NATO or not. We must express a clear position as to whether we want to join NATO, and this opinion must be adopted by a consensus. [passage omitted]

[Tokin] Mr. Savov, it is five months until the municipal elections, which are viewed by many as a test of whether it is possible to create a united opposition. Is there a chance of creating a united opposition?

[Savov] One does not create a united opposition by a single gesture or by expressing the desire for this. Much work is needed. You know that we signed principles of cooperation. I avoid the use of the concept united opposition. This really is a difficult issue and it was not by accident that Ivan Kostov [leader of the Union of Democratic Forces] said that in the final analysis the implementation of those principles requires months. I agree with him. For me it is most important that no one should try to dominate. This would hinder our efforts, and we would reach the sad results of December 1994. Understanding will have a great importance, and this will be the most crucial thing—will we be able to

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achieve it? This is a difficult task but it is our duty to do everything possible to achieve it. The line that dominated in the Union of Democratic Forces [SDS] before the last elections must not prevail again. At that time the SDS thought that it was the only opposition and this contributed to its defeat. I do not want to believe that the same people and forces continue to exist in the SDS and influence its decisions. [passage omitted]

Premyanov on German Visit, Position on NATO

AU2605113195 Sofia DUMA in Bulgarian 23 May 95 p 3

[Interview with Krasimir Premyanov, chairman of the Democratic Left parliamentary faction, by Vesela Doneva; place and date not given: "Germany Fully Accepts Bulgaria's Position on NATO"]

[FBIS Translated Excerpt] [Doneva] What are your impressions of the Bulgarian parliamentary delegation's visit to Germany?

[Premyanov] It is not by accident that the Bundestag, which has rather reduced international activity as a host, has invited the Bulgarian parliamentary delegation at this particular time. This in itself testifies to the basic intention of German partners to develop relations with Bulgaria under the present conditions and in the existing political situation. I would like to remind you that the German Parliament does not invite more than 10 delegations per year. I think that the visit was very important because it was the German federation that created the parliamentary republic model according to which the voice of the parliament is decisive in determining the country's behavior. We succeeded in including basic issues of bilateral cooperation and the problems of European integration in our highest level talks. During all the talks we conducted it transpired that Germany accepts Bulgaria's position as a whole on the topical issues. I was especially pleasantly impressed by the fact that with anything related to NATO—a topic that is being so much fomented in our country—the basic elements of the Bulgarian position as expressed by the government, the leading entity in conducting parliamentary Bulgaria's foreign policy, fully coincide with the German position, both in attitude and understanding. The basis upon which we are constructing our relations with NATO is the Partnership for Peace program. In general, I can say that without essential differences, all the participants in our dialogue support this system and logic of thinking. They understand that Bulgaria is acting correctly, that it is adopting a prudent statesmanlike position, and that Bulgaria is awaiting NATO's determination to assess its own readiness to join the process of expanding NATO. Otherwise, we would find ourselves in a position that is ridiculous and inappropriate for state, whose attitude could contradict NATO's intentions. [passage omitted]

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Kovacs on Bosnian Air Strikes: No Other Option

LD2505182795 Budapest MTV Television Network in Hungarian 1730 GMT 25 May 95

[FBIS Translated Text] [Announcer] The Bosnian deployment of NATO aircraft has not come as a surprise to the Hungarian leadership. Hungarian television's "Newsreel" has learned from official sources that the NATO center had informed Budapest before the air strike was launched.

[Begin recording of Foreign Minister Laszlo Kovacs] Yes, I was aware of it. A short while before the air strike, we received information from NATO. Naturally we are not happy about it, since every air strike, or any military action in general, can have innocent victims. At the same time, unfortunately, neither can we see any solution other than the use of military force. [end recording]

[Announcer] Karsten Voigt, president of the North Atlantic Parliamentary Assembly, who is currently in Hungary, emphasized the inevitability of NATO action.

[Begin Voigt recording in English with superimposed Hungarian translation] I think this air strike was a response to activities that could no longer be tolerated. NATO had earlier warned the warring sides several times. If NATO had not taken this step now, it would have lost its credibility. [end recording]

Detailed Map To Go on Digital Data Base

AU2605113695 Budapest NEPSZAVA in Hungarian 22 May 95 p 8

[Unattributed report: "The Country's Map on Computer"]

[FBIS Translated Text] The Hungarian Army's Cartographic Company will be entering Hungary's complete, 1:50,000 scale map in the computer by the end of the year. Parallel to transferring the information to computer, they will work out the means whereby the data base can be accessible to everyone. Through the Digital Mapping Data Base (DTA-50), private users and central and local government offices can order maps configured according to their needs.

When presenting the data base, Lt. Colonel Laszlo Buga, acting director of the Cartographic Company, said that the DTA-50 data base will include the country's entire expanse. It was ascertained when the system was drawn up that it would be built on the basis of a standard whereby all the country's computer users would be able to have access, as well as meet NATO and EU requirements.

The 1:50,000 scale facilitates the description of all houses, mountains, hills, and streets in Hungary, but this is not its only function. The program is capable of determining the shortest route between two villages or even two houses. In civilian life, maps like these are used to determine the ideal location for radio transmitters, and the Intergraph software donated to the Army is able to determine whence the top of a village church's steeple can best be seen in the area.

The Army would not have had the money for the 300 million [currency not given] for development, Laszlo Buga said. They are able to implement this development with assistance given partly by the National Technical Development Commission and foreign computer companies.

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Silajdzic: NATO Action Restores Credibility

LD2505200095 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 25 May 95

[FBIS Translated Text] This is probably the international community's last chance to try to save its credibility in Bosnia-Herzegovina. Prime Minister Haris Silajdzic is speaking about the significance which the realization has of the ultimatum to withdraw heavy weapons from the exclusion zone around Sarajevo.

[Begin recording] [Silajdzic] I believe that it is very important that NATO members have decided to take this step, that in doing so they have reaffirmed [words indistinct] around Sarajevo, and thus the significance of all protected areas, not just Sarajevo.

At this moment we need unity and decisiveness from the international community. It is very important to carry out this ultimatum. I believe that the strict implementation of this ultimatum protects other protected areas and shows the aggressor that it cannot continue with its aggression. This is very important.

[Correspondent] [Words indistinct]

[Silajdzic] We will see this. But regardless of what happens [?next], I believe that this is an important step taken for the sake of principles as well—that is, the idea of protected areas, UN Security Council resolutions, and the ultimatum have been renewed with this action.

I believe that above all the NATO alliance, the North Atlantic alliance, has somewhat improved its position vis-a-vis its lost credibility, lost in actions around Gorazde, [words indistinct], as you know, etc.

As far as the United Nations is concerned, as long as the UN mandate here is not in line with Security Council resolutions, as long as [word indistinct] exists, the United Nations will not be able to be effective here [words indistinct]. [end recording]

Ganic Comments on NATO Air Strike on Pale

LD2505231095 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 2200 GMT 25 May 95

[FBIS Translated Text] [First unidentified correspondent] A member of the Presidency of the Republic of Bosnia-Herzegovina, Ejup Ganic, made the following statement in connection with the latest NATO air strike against the aggressor's ammunition depot in Pale:

[Second unidentified correspondent] Above all we regard the NATO action as very useful and we believe that it will stop the erosion of the UNPROFOR [UN Protection Force] mandate. This can serve as an assurance that UNPROFOR has a useful role to play here and that it should continue with its work.

We hope that UNPROFOR will continue to use air strikes in order to regain its positions within the airport that the airport will be reopened, and that it will become fully operational, Ganic said and added that the aggressor was still ignoring the UNPROFOR and NATO mandate and that it was shelling Hrasnica and Hum, where the television center is.

We hope that UNPROFOR and NATO will respond to this with mass attacks. As you know, the aggressor is continuing its attacks from the temporarily occupied territories of Grbavica and Ilidza. They are ignoring the ultimatum and are continuing to shell residential areas. So, we expect a more massive, stronger, and more efficient NATO action, Bosnia-Herzegovina Presidency member Ejup Ganic said, and stressed once again that this NATO action showed that UNPROFOR was finally staring to operate within its mandate.

Bosnia Serbs: NATO Sides With Moslems Again

AU2505203695 Paris AFP in English 2012 GMT 25 May 95

[FBIS Transcribed Excerpt] Zagreb, May 25 (AFP)—Bosnian Serb television said the NATO air strike Thursday [25 May] against a Serb ammunition depot near Pale showed the alliance "has sided with the Moslems again."

The television monitored here said the attack had caused major damage to civilian targets, but it did not broadcast footage to back this up.

The station said it did not have information on casualties. [passage omitted]

"Although the ultimatum was addressed to both sides, NATO only bombed Serb positions, committing another aggression against the Serb people," the television said. [passage omitted]

Plavsic Denies Rift Among Bosnian Serbs

AU2605090595 Belgrade TELEGRAF in Serbo-Croatian 24 May 95 pp 16-17

[Interview with Biljana Plavsic, "vice president of the Serb Republic," by Goran Rosic; place and date not given: "If FRY Recognizes Bosnia-Herzegovina, We Are Continuing the War; There Is No Rift Between Karadzic and Mladic; RS and RSK Will Unite on 31 May"]

[FBIS Translated Text] [Rosic] Well-informed sources in the country and abroad claim that President Milo-

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sevic is very close to recognizing the former Bosnia-Herzegovina?

[Plavsic] We also have this information here, but do not believe that he will do it, though what I am saying really expresses a wish, because I think that Milosevic's recognition of the former Bosnia-Herzegovina would be an absolute betrayal.

[Rosic] What will the leadership of RS [Serb Republic] do if the Serbian president recognizes the former Bosnia-Herzegovina after all?

[Plavsic] We have not considered this possibility yet. Our assembly has been meeting recently. We will see. After all, even the more powerful countries have recognized both Bosnia and Croatia. Emotions apart, if you look at things rationally, what will happen even if he does recognize them! I do not see why this should worry us much! Our aim will remain the same regardless of who recognizes Bosnia. The war here will not stop with the recognition of Bosnia. We cannot give up our state and ethnic regions. There is no other way for us: Either be slaughtered by Ustashas and murderers, or assimilate ourselves and accept the Catholic religion, or move to Serbia. If we were to give up our objectives, we would find ourselves in the same situation as the Serbs from western Slavonia. This would be horrible.

[Rosic] Some Belgrade media have carried information that General Mladic did not intervene in western Slavonia because he had a promise from the Croats that they would withdraw from Orasje, which would broaden the corridor near Brcko.

[Plavsic] This is out of the question. There is just varying speculation. Orasje is an area that was left out after the liberation of Serb Posavina. Even at that time it was stated that this should not have been done, namely, to leave a Croat oasis. It was probably thought that the oasis will eventually "wither away" that it will not create any problems, as it is doing now. We simply have to correct this mistake now. There is no question of some kind of compensation for western Slavonia.

[Rosic] But the sources that were cited were circles close to RS?

[Plavsic] We are used to such speculation by journalists and this can be forgiven.

[Rosic] There have been some rumors recently that the rift between Presidents Milosevic and Karadzic has deepened and that differences between the RS president and General Ratko Mladic have become even greater.

[Plavsic] Between Karadzic and Mladic there is no rift whatsoever. The general is simply demanding the largest possible funding for the army, and he is absolutely right in that. He is at the helm of the army even though Karadzic is the supreme commander. Whatever, the army has been entrusted to Mladic and it is quite correct that he should in such situations, when it comes to military actions, demand the maximum for the army. It is also normal if President Karadzic says "this is how much we can do and this is what we cannot do." In that respect there are some, if I may say so, discussions between the two, but there is no rift. General Mladic and President Karadzic have the same aim: We must win in this war! Unfortunately, we do not share this common aim with President Milosevic.

[Rosic] Why?

[Plavsic] President Milosevic, it appears, is using the method of amputating some areas of the unified Serb state in which all of us should live. If one applies this method of cutting piece after piece of live Serb tissue, then one will eventually reach the center, too. You see what they are offering him: The suspension of the sanctions for 200 days in exchange for the recognition of Bosnia. And then they will tell him: If you want an extension of the suspension for another 200 days, give autonomy to Kosovo, and then another 200 days for the Republic of Kosovo. Then it will be Sandzak's turn. In the end, the only thing left for Slobodan Milosevic to rule will be Ada Ciganlija [an island on the Sava River in Belgrade].

[Rosic] Several days ago, the RSK [Republic of Serb Krajina] Assembly adopted a decision on the realization of RSK and RS unification.

[Plavsic] The fact that this did not happen a lot earlier is a major mistake of overall Serb policy. This should have been done in summer 1993 when the talks on this were initiated. There will be no problems from our side. The representatives of both assemblies expect the joint session to be held on 31 May in Knin or Serbian Sarajevo. Unification is nearing its realization. Western Slavonia is in fact a militarily and politically lost battle for the Serbs. But this does not mean that the war has been lost.

[Rosic] Who was obstructing unification?

[Plavsic] The one who sows the seed of evil among the Serbs. What happened in Knin, the kind of rifts that we saw, this had all been planned. And a man had been planted there, too.

[Rosic] Who?

[Plavsic] Mikelic.

[Rosic] How would you comment on the fact that the Krajina assembly's decision on the unification of the

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RSK and RS was adopted at the proposal of [Milan] Babic's Serbian Democratic Party of Krajina?

[Plavsic] I honestly do not know the details of what happened at the RSK Assembly session. By the way, Babic also contributed a lot to this.

[Rosic] In what sense?

[Plavsic] Mikelic and Babic had been negotiating with Croats for a long time, they were discussing some kind of economic cooperation, which is crazy, totally crazy. In the meantime the Croats are infiltrating themselves in western Slavonia, they were coming there, trading, selling things, collecting information, roaming the territory, and then at the right moment, when they had sold enough things to western Slavonia, when they had collected all the money from them, when the Serbs had stuffed their cellars with oil and goods, when they had finished plowing the land and planting seed....the events of 1 May happened.

[Rosic] There are rumors that trade with the enemy is also firmly taking root in the RS?

[Plavsic] When one wages war one does not trade. Every kind of trade makes the people relax and they then concentrate on something else. An attempt is being made to plant this seed of evil in our territory, but this will not succeed. On the Bihac front, the 5th Corps is receiving food from various mafiosi and smugglers. Three months ago I was in favor of the introduction of the state of war, but others were opposed to it.

[Rosic] Who are the, as you say, mafiosi, who trade with the 5th Corps?

[Plavsic] It appears that they are present there, in the border areas. If someone can sell something costing 50 German marks for 10 times more, this is a big temptation.

[Rosic] Are the Serbs who trade with the 5th Corps from the RS or the RSK?

[Plavsic] There are more of them in Krajina. For instance, this was done by those from Lika. The 5th Corps has U.S. arms and clothes, and Serb food. They launched an offensive last year, on 24 October, and now again. This should be suppressed with radical methods, otherwise the Serbs will not survive!

[Rosic] Has the RS leadership had any contact with the representatives of the Contact Group recently?

[Plavsic] No. We have not received any official constitutional solution. What we demand is a state.

[Rosic] Is it true that there are two blocs in the RS: On one side there is Karadzic, Krajisnik, and General Milovanovic, and on the other, officers Mladic, Tolimir, and Gvero?

[Plavsic] These combination games are ridiculous. People are obviously very imaginative.

Public Statement on Serb Unification Plan

LD2605102595 Belgrade SRNA in Serbo-Croatian 2152 GMT 25 May 95

[FBIS Translated Text] Sarajevo, 25 May (SRNA)—The working group for the elaboration of the unification plans for the [Bosnian] Serb Republic and the Republic of Serb Krajina [RSK], which has been tasked with working out a complete draft plan for, and establish the ways and means of achieving, unification by 31 May 1995, issued a public statement in Banja Luka today, which SRNA carries in full:

"At their regular sessions in Borovo Selo and Sanski Most since 20 May 1995, and between 15th and 16th April 1995, the RSK Assembly and the People's Assembly of the Serb Republic decided to form a joint working party to prepare a draft plan for the unification of the RSK and the Serb Republic.

"At its first session, the working party considered the question of the social, political, and constitutional bases, legitimacy and legality of the decision on the unification of the two republics and stated:

"It is the natural, inalienable, and nontransferable right of the Serb people in the RSK and the Serb Republic to self-determination. It is on this basis that they, just as any free and sovereign people, may decide independently on their own political and state system and ensure their economic, social, and cultural development, something that is guaranteed by the UN Charter and laid down in the Constitutions of the two republics.

"It is an undisputed historical fact that the Serb nation—in its desire to live in a single state, benefiting from its inalienable right to self-determination, and after having made the greatest contribution and having suffered huge losses—created in 1918 the first united, joint state, the Kingdom of the Serbs, Croats, and Slovenes.

"The Serb people from the RSK and the Serb Republic, during World War II, and despite the serious genocide carried out against it, agreed to remain in a federally organized Yugoslavia and allow the formation of Croatia and Bosnia-Herzegovina as a constituent people [as received], but exclusively, unambiguously, and expressly, only as federal units within a federal Yugoslavia, with the desire and firm orientation being that they live in a unified state along with others and the Serb people, and conscious of the fact that only such a state could protect

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them from fresh genocide and guarantee them national freedom and equality.

"The unilateral and unconstitutional secession of the Croats and Muslims from the former Croatia and the former Bosnia-Herzegovina was carried out with the aim of: Breaking up the common Yugoslav state, terminating its legal identity and continuity as a state, depriving the Serb people of their status as a constituent people, and putting them in a position of being a humiliated and disenfranchized national minority, and thus denying them the right to self-determination.

"In this way the bases of the origins of a federal Yugoslavia, with Croatia and Bosnia-Herzegovina as federal units within it, were destroyed, and with them the decisions of the countrywide antifascist councils and AVNOJ [Anti-Fascist Council of the National Liberation of Yugoslavia]. This is why the Serb people were forced into a defensive war and the formation of their own states—the RSK and the Serb Republic—not only in order to protect their freedom, sovereignty, status as a constituent people and their dignity, but also in order to survive.

"Over the past four years the Serb people have suffered huge losses, and come under unprecedented military, political, and diplomatic pressure and been isolated and demonized in the media; they have also had to put up with inhuman economic sanctions and military attacks by NATO. Despite this, they have constituted, defended, and strengthened the independent states of the RSK and the Serb Republic.

"The Serb people in the RSK and the Serb Republic have on several occasions—and in particular at referendums in the Serb Republic in May 1993 and in the RSK in June of the same year—expressed their orientation to form a unified state and remain within the Federal Republic of Yugoslavia with the other parts of the Serb nation.

"The Assemblies of the two republics, at their joint session in Prijedor in October 1992, adopted a declaration in which they unambiguously expressed their orientation to form a common state. The RSK Assembly on 10 November 1994, and the People's Assembly of the Serb Republic on 16 April [no year given], approved a draft plan for a Serb federation.

"Finally, the Assemblies of the two republics approved the decision in April and May of this year to set about the realization of unification; they formed a joint six-member group with the task of preparing a concrete plan of unification.

"Following the most recent aggression against the RSK, and unpardonable crimes against the Serb people and their defenders in western Slavonia, and the intensification of the attacks by Muslim and Croat formations on the Serb Republic, true unification has become essential and irresistible.

"After reaching agreement on the above facts, the working party is continuing its work on preparations for the unification plan and draft concrete solutions relating to the procedure for unification and the character of a unified state in terms of the nature of the state system, the form of government, and the way in which the authorities and the political system are organized."

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Valentic: Tehran Initiative Narrows Gap in Ties

LD2605093595 Tehran IRNA in English 0841 GMT 26 May 95

[FBIS Transcribed Text] Zagreb, May 26, IRNA—Croatian Prime Minister Nikica Valentic said here on Thursday that Iranian initiative for bilateral and trilateral negotiations of Iran, Croatia and Bosnian has narrowed the gap between Croatia and Bosnia-Herzegovina.

In a meeting with the visiting Iranian First Vice-President, Hasan Habibi, Valentic said Iranian initiative has also strengthened the federation of Croat Muslims of Bosnia.

The Croatian prime minister voiced his support for the expansion of Tehran-Zagreb relations and for unity among the Croat Muslims of Bosnia.

Habibi expressed satisfaction over the outstanding improvement of relations between Iran and Croatia in a short period of time.

He said consolidation of relations would lead to peace in Bosnia as well as in the Balkans.

The Iranian official is expected to hold separate talks with Bosnian Prime Minister Haris Silajdzic who is also in Zagreb for trilateral talks.

Martic Assails UN on Croatian Refugee Issue

LD2505164795 Belgrade SRNA in Serbo-Croatian 1357 GMT 25 May 95

[FBIS Translated Text] Knin, 25 May (SRNA)—In a letter to Jean-Bernard Merimee, president of the UN Security Council, Milan Martic, president of the Republic of Serb Krajina [RSK], accused the UN high commissioner for refugees of "not doing anything to prevent the mobilization of the refugees from the former Bosnia-Herzegovina into the Croatian Army."

"By doing this the UN bodies violate the UN Charter, fail to protect the lives of the refugees in Croatia and side with the Croatian side, which caused the war and then resumed it by capturing RSK territory," Martic warned.

Martic reminded Merimee that Croat refugees, driven out of the former Bosnia-Herzegovina by Muslims during the Muslim-Croat war, fought alongside the Croatian Army in the battles in Western Slavonia.

"When, on the other hand, the RSK called on its refugees in the Federal Republic of Yugoslavia to heed the military call-up, pursuing his policy of double standards, the high commissioner hampered that mobilization," Martic wrote at the end of his letter to Merimee.

Croatian Views on Sarajevo-Belgrade Contacts

95BA0233C Zagreb VJESNIK in Serbo-Croatian 9 Apr 95 p 6

[Article by Nenad Ivankovic, Bonn: "Will the Croats Be Paying the Bill as Usual?"]

[FBIS Translated Text] The assessments of Western diplomats and military experts indicate that a new round of war lies ahead for Bosnia. The present offensive of the Army of Bosnia-Herzegovina near Tuzla and Travnik is only the overture to what is expected following the formal expiration of the four-month truce on 30 April.

With what outcome? OSLOBODJENJE of Sarajevo wrote with a fair amount of optimism the other day that the fourth year of war is beginning with a new phase, because the army of the Bosnian Serbs is experiencing a crisis of motivation ever since the Serbs have constantly been told that the war was won already. Prime Minister Silajdzic, however, has been declaring at the same time that the war could last the next 10 years because of the balance of power; in other words: the Army of Bosnia-Herzegovina is unable to conquer much of anything, but likewise the Serbs will not have an easy time holding and defending what they have conquered.

If the latter is true, that would mean that the war in Bosnia is entering its pronounced political phase: that is, as a means of pressure on the other side, in this case the Serbian side.

The simultaneous negotiations of Filipovic, Izetbegovic's emissary, with Milosevic do not collide in the least with the development of the war situation in Bosnia. Indeed, they are part of the same arrangement!

1. It seems that one of the greatest political errors is to nurture hope that Milosevic has been finally faced with the dilemma: either an expanded Serbia or removal of the sanctions and return to the international community. Precisely the opposite is the case: For the first time, Milosevic is in a position to get both! The peace plan of the Contact Group for Bosnia, although formally it insists on preserving Bosnia-Herzegovina as an entity in international law, is basically aimed at a division of Bosnia into the Serbian and Muslim-Croatian portions.

To be sure, the Bosnian Serbs have formally remained in the "joint" state with the Croats and Muslims, but at the same time they would gain the right to confederal relations with Serbia. From that position, they might in the second or third round extort secession and annexation to Belgrade by "parliamentary means."

In the meantime, Belgrade would be freed of the sanctions provided it diplomatically recognizes Bosnia-

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Herzegovina in its internationally recognized borders, which anyway exist only on paper.

In view of the character of the "autonomy" which the Bosnian Serbs would have and in view of the possibilities that remain open for union with Serbia in a later phase, diplomatic recognition of Bosnia-Herzegovina ought not to be any great political or psychological problem for Milosevic. At this point, the interests of Sarajevo and Belgrade actually correspond, because Izetbegovic hopes that through diplomatic recognition of Bosnia and acceptance of the Contact Group peace plan he would be able in future to consolidate power on "his" 51 percent of the territory, and in the second round prevent secession of the Bosnian Serbs. Although Milosevic's and Izetbegovic's interests diverge at this latter point, there is no question that at this moment Karadzic is the main impediment to both of them.

2. Karadzic's fanatic intransigence, his political and territorial maximalism, have altogether blocked any possible solution for Bosnia. It is because of him that Milosevic remains under certain political pressure from the West. The sanctions and international isolation are eroding his power in Serbia more and more. At the same time, Izetbegovic also is coming under ever greater pressure from the West, because the great powers are not interested in any lasting war for Muslim liberation, because they are afraid that they might lose control over this "regional crisis," as German foreign minister Kinkel has called it.

There have been direct contacts between Sarajevo and Belgrade on that account. Bosnia has been a much simpler problem for Milosevic than Croatia, because the peace plan of the Contact Group guarantees the Bosnian Serbs a satisfactory amount of war booty. That makes it both politically and psychologically much easier for Milosevic, at least at this point, to reach an agreement than it is with Zagreb.

Sarajevo's offensive against Karadzic's Serbs fits strategically into Milosevic's plan. The exhaustion of the Bosnian Serbs through war is supposed to have a corrective effect on them so that in the endgame they will nevertheless give up their political maximalism and accept a division in the ratio 49:51.

At the same time, Milosevic's recognition of Bosnia-Herzegovina would probably follow at a moment most suitable for the assertion that this act has "stopped the war." Milosevic would in return be freed of the sanctions and might enter into negotiations with Croatia from a much stronger position than is now the case.

3. In view of the balance of power in Bosnia, objectively there is no danger for Belgrade that the Muslims might get back too much of their lost territory. But what Belgrade is certainly interested in is that Karadzic be weakened as much as possible. Military defeats, however small they might be, that is, keeping the Bosnian Serbs constantly in the mental state of new challenges of war, are therefore certainly the most suitable means. After all, as long as Karadzic can project himself as the ultimate military victor in Bosnia, as the man who has furnished the Serbs two and one-half times more territory than they were entitled to on the basis of their share in the total population, he is too dangerous for Milosevic.

Even if it were possible today, Milosevic probably would not have any interest in a union with Karadzic's "two-thirds of Bosnia," because in the expanded Serbia created in that way he would then have a dangerous political rival. Karadzic, wearing the halo of a wartime leader and victor, is the only Serb who might beat Milosevic in the election. Because of his royalism and anti-communism, he is much more acceptable to the Serbian Orthodox Church than a communist functionary like Milosevic. Aside from the Serbian Orthodox Church, Karadzic is also supported by a majority of the Serbian intelligentsia as well as most of the Serbian opposition. His army, armed to the teeth, also stands behind him. Milosevic could not even dream of treating him the way he has treated Draskovic and even Seselj. What is more, the Bosnian Serbs also stand behind him, and if Karadzic should succeed with a union with Serbia under the present circumstances, they would see him as a kind of new Pasic.

To that extent Milosevic has a natural interest in seeing Karadzic as weakened as possible, even to the point, if possible, of putting him in the position of a loser. Because by his political intransigence Karadzic has maneuvered himself into a blind alley, objectively for him everything is a defeat which is less than the present 70 percent of the territory. Accepting the peace plan of the Contact Group would thus be tantamount to a disaster for Karadzic. That is why Milosevic could easily accept this peace plan and that is why he is attempting now to bring him to his knees, with Izetbegovic's help. If we add to this the pressures of the international community and the political quarantine in which the Bosnian Serbs have been placed, then it seems certain that time is not on Pale's side.

4. From Izetbegovic's viewpoint the entire issue naturally seems somewhat different. He is vitally interested in Belgrade's recognition of Bosnia-Herzegovina in its internationally recognized borders, because he hopes that in this way he might save "integral (and, in future, civil) Bosnia." The confederation of Bosnian Serbs with Belgrade would not be any serious problem, be-

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cause Izetbegovic probably believes in it as much as he does the Bosnian Federation itself. Both are only intermediate phases, means of achieving the main end: an integral and civil Bosnia from which the Muslim leader has never backed off and cannot back off unless he wants to betray his own political, religious, and ideological principles. Just as Izetbegovic today is no longer talking about the federation between the Croats and Bosnian Muslims (but is trying to push the term "federation of cantons"), so it is likely tomorrow that he will attempt in the same way to reinterpret an agreement which might be reached with the Serbs. Especially because the Muslims, if the Serbs accepted division of Bosnia in the ratio 49:51, would be in a much better military and demographic position, because along with everything else a large number of their refugees would have somewhere to go back to.

Aside from that, there is another line of development that cannot be altogether precluded either. That is, Izetbegovic has always been inclined toward remaining in the former Yugoslavia. While the Croats and Slovenes were insisting on confederation, he and his Macedonian colleague offered proposals for a federal system of the third Yugoslavia. When the Croats and Slovenes proclaimed independence, Izetbegovic said that he did not want an independent Bosnia-Herzegovina. When Croatia and Slovenia reached the threshold of international diplomatic recognition, he wrote a letter to De Cuellar to prevent this, because it would have undesirable consequences for Bosnia. In Bonn in 1991, at the height of the war in Croatia, he said publicly that Croatia had "chosen confrontation" and thereby would itself be to blame for its destiny, while nothing like that, according to Izetbegovic, would happen to Bosnia, because Bosnia was conducting a wise policy and was relying on the fairness of the JNA [Yugoslav People's Army].

And now, on the occasion of his last visit to Bonn (in March), Izetbegovic especially emphasized that the Serbian people is not at all responsible for the war in Bosnia, that this was the work of a political and military clique. When we take into account that he has passed over the Croats in silence and amnestied a majority of the Serbs from any responsibility, then it is not impossible that some confederation of Bosnia-Herzegovina as a whole with the remainder of Yugoslavia, i.e., Serbia and Montenegro, is perhaps being cooked up in Sarajevo's plans. The Muslims would have an interest in this because of Sandzak and because of their long-range demographic advantage, and the Serbs would have an interest because of the outlet to the Croatian sea.

5. In any case negotiations between Sarajevo and Belgrade are not free of danger to Croatian national interests and to Bosnia, or even, in fact, to Croatia itself. First, because by marginalizing the Bosnian Federation Izetbegovic has managed in cold political fact to marginalize the Bosnian Croats as well. He is negotiating with Milosevic in "their name" as well, because he is in the position of the president of Bosnia, and they have no influence whatsoever. They even do not know the extent of possible war arrangements he might have with Milosevic against Karadzic.

Aside from that, there is no doubt whatsoever that Milosevic is also using these negotiations with Izetbegovic to destroy the painfully created alliance between the Bosnian Muslims and Croats. Finally, Izetbegovic has never issued so many problematical statements in such a short time (including the gesture of silence) related to the Bosnian Federation and to the Bosnian Croats themselves, as he has done during the negotiations with Milosevic and, still more indicative, during the Zenica-Travnik offensive.

Article Discusses Technocrats Leaving HDZ

95BA0233A Zagreb VJESNIK in Serbo-Croatian 7 Apr 95 p 4

[Article by Branko Podgornik: "The HDZ Will Not Take a Turn to the Right"]

[FBIS Translated Text] It seems that dramatic changes await the HDZ [Croatian Democratic Union] in coming months, changes that will comb through the physiognomy of the ruling movement and bring it closer to what its leaders call a Christian-oriented party of the people. This conclusion can be drawn even now from the numerous visible and invisible moves in Croatian politics, although the well-informed say that the main surprises are yet to come.

When Dr. Franjo Greguric announced that in May he would leave the post of director of Croatia's largest firm, INA, it became clear to the public that the position of the group of technocrats in ruling circles is weakening rapidly. This becomes obvious if we take into account that Greguric is the most influential of the technocrats, that Ivica Crnic, justice minister, submitted his resignation before him, and that Mladen Vedris left the HDZ last year.

All of them, along with many others, belong or did belong to the technocratic group of politicians who joined that party, mainly at the invitation of the top of the Croatian Democratic Union, after May 1990, when the HDZ had already taken power. These people were necessary to the incumbent party because members of the most numerous and original movement of the HDZ did not at the outset have experience in the technique of

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governing. The technocrats had gained that experience in second-rank positions in the former system, but in the new system they began to handle major business in the executive branch, banking, and the economy.

The Thinning Out of the Center

Often this was not to the liking of many members of the original movement of the HDZ. The original movement believes it deserves the credit for providing the HDZ the votes of the voters, the support of the sizable Croatian emigre community, and also the support of the church in the 1990 elections. That is why many of them have for years been expressing dissatisfaction and complaining: "We have taken power, but we have not actually been governing." As a matter of fact, the original faction supervises only the legislative branch, because the HDZ has a majority in the parliament.

Recently, the original element has attempted to assume oversight over the judicial branch as well, through the State Judicial Council and the Supreme Court of Croatia. However, it does not seem that it will succeed in this, because recently the Constitutional Court declared the selection of judges of the Supreme Court by the State Judicial Council to be unconstitutional. What is more, on Tuesday the Croatian Government, headed by Nikica Valentic, who is also considered a technocrat, decided that the State Judicial Council is appointing to the office of presiding judge of the Supreme Court Krunislav Olujic instead of Milan Vukovic, who is preparing to depart to be Croatian ambassador to Chile.

As for the technocrats, a segment of the Croatian public has perceived the weakening of their position as a departure of "likable politicians" who signified the moderate current in the incumbent party. Because in 1990 the HDZ had an antifascist left, a Rightist right, and a Radicite center, and because in 1994 the left-wing faction, led by Josip Manolic and Stjepan Mesic, had already left the HDZ, many have been afraid that as its moderate center, to which the technocrats belong, is thinned out, it will irrecoverably "take a turn to the right" and that Croatia will slide into "right-wing radicalism."

Sources in the top leadership of the HDZ, who do not want to be named, confirm that the technocrats are slowly but surely departing from the ruling circles. They add that even Franjo Greguric, who continues to hold the office of one of the vice presidents of the HDZ, "put himself on the political market" the other day. The question of whether he will remain in the HDZ or switch to some other party is still unanswered for the present.

Mate Granic's Current the Strongest?

However, the same sources say that the weakening of the technocrats' position does not mean that Croatian politics will turn to radicalism and that oversight over the HDZ and Croatian politics will be taken over by the so-called right wing of the incumbent party, more precisely some "rabid rightists," as Dr. Franjo Tudjman, president of the HDZ, recently called this negative aspect in an otherwise positive tradition of Starcevician statehood aspirations.

In any case, "an election cannot be won" with these right-wing radicals of the HDZ, notes a well-informed source in the Croatian political elite. Another observer close to the top of the incumbent party notes that a majority of the members of the original movement of the HDZ is moderate and democratically oriented, but the problem is that the public has no occasion to observe this, because the original movement is often headed by people who got there "mainly on the principle of negative selection."

The Croatian Democratic Union must remain a party of the center, the same sources say, and so it will be taken over by politically moderate people, and they represent the majority of the party anyway. Observers recall that in late February in a conversation with representatives of the EUCD [European Union of Christian Democrats], who concerned themselves on the spot as to whether the HDZ qualifies for acceptance into the EUCD, HDZ representatives acknowledged that there are factions in the incumbent party. However, to the surprise of some of those present, the representatives of the incumbent party said that the strongest current in the HDZ is moderate, Christian-Democrat, gathered around Minister Mate Granic. Observers believe that this latter assertion still does not correspond to the truth, but they add that perhaps it indicates the path which the HDZ intends to take.

Prka, Skegro, Kostovic...Are Desirable

Certain personnel changes at the top of the incumbent party support this idea. Informed people say that the HDZ will continue to be taken over by people like the new general secretary Zlatko Canjug, people who up to now have been pushed aside and do not belong to the conflicting currents in the HDZ and in whom President Tudjman has confidence. Sources at the top of the incumbent party say that the political winds are filling the sails of people such as Bozo Prka, Borislav Skegro, and Dr. Ivica Kostovic, members of the government, as well as Krunislav Olujic, until recently chief of the National Security Office. They all became involved in the work of the presidium of the incumbent party after the Second General Conference of the HDZ, and

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Nikica Valentic, it would seem, will remain in the circle of people who are supposed to represent the new physiognomy of the incumbent party. That is, it has recently been said of him that he "no longer belongs to the technocrats, because he has a pronounced line of statehood aspiration."

Sources at the top of the incumbent party say that the events that will help to shape the HDZ into a party with a European orientation will not be long coming. Those moves will in part be related to acceptance of the HDZ as a member of the EUCD, which is expected in early July. The same sources say that the key moment in transformation of the HDZ will be during the elections within the party, which will come to an end in the convention of the incumbent party next fall, but no later than next spring. The final chapter in the reshaping of the HDZ should take place in the 1996 parliamentary election.

In any case, tumultuous events can soon be anticipated in the incumbent party, and they will echo throughout the entire Croatian political scene and certainly in the Croatian parliament as well.

Voters Rate Representatives in Parliament

95BA0238B Zagreb HRVATSKI OBZOR in Serbo-Croatian 18 Apr 95 p 16

[Article by Zelimir Zanko: "The Parliament Under a Magnifying Glass: Causing a Crisis With No Response"]

[FBIS Translated Text] The beginning of the last year of the term of the present members of parliament, which, given the almost immeasurable reshuffling of parties, will not find numerous representatives in the same parties they belonged to when they were elected three years ago, is certainly a time when the Croatian public already has a firmly formed opinion of those it voted for. Judging by the results of a survey done by HRVATSKI OBZOR (conducted by telephone from 5 to 7 April of this year on a sample of 450 respondents in all the Croatian zupanijas), the present members of the parliament could be rather dissatisfied with its total accomplishment during its term. Nevertheless, affirmative answers to the question about the satisfaction of the voters with the accomplishment of the deputies they voted for are slightly in the majority, leaving the deputies somewhat more reason to be satisfied with themselves.

56.4 Percent Dissatisfied

This assessment is obtained from answers to the first two questions in our survey: "How satisfied are you in general with the work of the parliament of the Republic of Croatia [RH]?" and "Are the parliamentary deputies (whom you voted for in the election) acting in accord with your expectations?" That is, slightly more than one-third of the respondents confirmed their satisfaction with the work of the parliament in answering the first question, only 8.5 percent of them saying "altogether satisfied," while the other 24.2 percent were "by and large satisfied." At the same time, more than half of the respondents, 56.4 percent, find the work of the parliament up to now unsatisfactory. Those who recorded "altogether dissatisfied," representing 23.1 percent, were threefold more frequent than those who were "altogether satisfied," while a third, 33.3 percent, were "mostly dissatisfied."

If the voters as a whole are mostly dissatisfied with the work of the parliament as a whole, then, as an institution of the political system, a somewhat more favorable assessment of the work of the well-paid representatives of the people is obtained when we analyze responses to the second question to which we referred. (There could be numerous reasons for this dissatisfaction of parliament as a whole, ranging from dissatisfaction with the decision of the deputies to raise their already substantial salaries when the workers cannot get even something scant for Christmas to an unfavorable opinion about the significance of the parliament in the overall process of making the most important decisions of state.) About half of the respondents, 43.1 percent, are satisfied as voters with fulfillment of their expectations by the deputies they voted for in the election, but only slightly fewer, 42.4 percent, are not satisfied with the work of their deputies.

We can conclude, then, that although the respondents' predominant assessment of the work of the parliament as a whole (as an institution) is unfavorable, when the respondents assessed the work of the parliament with respect to a more specific indicator, in terms of their own deputies, more of them were satisfied with what they achieved in the demonstrated unsatisfactory work of the supreme representative body, holding them to be beneficial for local interests, less responsible for frustrating the proceedings of the parliament, or completely innocent, but too weak in their ability to exert any considerable influence on the generally unsatisfactory developments in the parliament.

The Parliament as an Important Link

The results indicated by the responses to the next two questions show that citizens of Croatia, in spite of these disturbing assessments of the work of the parliament, nevertheless believe that the parliament is an important link in the chain of government institutions both because of its influence on the other bodies of the state and

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general stability of the system and also because of its influence on the public. Within this general attitude, for which there is no rational support in the adverse assessments of the work of the parliament to which we have referred, and which are shown by responses to the questions "Do you think that attempts to cause a crisis in the parliament are strengthening or weakening Croatia?" and "How do you view the decision of the Council of Croatian Radio-TV to stop showing parliamentary sessions in their entirety?" we should perhaps recognize the influence of the traditional Croatian attachment to the parliament as the only political institution that down through the centuries has more or less managed to express the will of the Croatian people.

For instance, 36 percent of the respondents believe that the attempts to cause a crisis in the parliament (the question did not call for a distinction between the attempts of the opposition and those of the HDZ [Croatian Democratic Union]) are weakening Croatia, while barely half as many, 19.1 percent, believe that the efforts to cause a parliamentary crisis are strengthening Croatia. A considerable number of respondents, 28.2 percent, find, however, that the Croatian parliament is not generally important to Croatia's stability, and they believe that the effort to cause a crisis in the parliament "has no influence" on the strength or weakness of Croatia.

But when it comes to the influence of parliamentary sessions on the public, in which the voters obtain the most exhaustive information from the direct radio-TV broadcasts concerning the views of the deputies they voted for and the positions of the parties (so that the influence of the broadcasts up to now on formation of the views of the respondents is probably great), and also when it comes to the mechanisms of parliamentary democracy, which a majority never previously had an occasion to learn, a majority of the respondents, 58.7 percent, obviously do not find the parliament a boring "chivalrous henhouse," because they do not support the restrictive decision of the Council of Croatian Radio-TV, which, incidentally, was officially substantiated in terms of completely nonpolitical motives. Those respondents, probably led by the aforementioned historical and traditional view of the marked political role of the parliament in the social life of Croats, possibly agree more frequently with the assessment that concurrence in or rejection of reduction of gavel-to-gavel direct broadcasts of the parliamentary "cock-crowing" should be seen as one of the major political duels in the upcoming election campaign. Nevertheless, almost one-third of the respondents, 32.7 percent, who supported this decision of the Council of Croatian Radio-TV, show signs of complete fatigue with the gavel-to-gavel broadcasts from the parliament.

Effects of Demobilization Examined

95BA0233E Zagreb VJESNIK in Serbo-Croatian 13 Apr 95 p 2

[Article by Fran Visnar, VJESNIK military commentator: "Clear Evidence of Croatian Military Power"]

[FBIS Translated Text] The news that the Croatian Army [HV] will reduce the number of soldiers by 30,000 indicates several things. The demobilization of so many men (by Western criteria, those are two divisions or one corps) means that Croatia can successfully maintain its own security with an army of 80,000-85,000 soldiers, noncommissioned officers, and commissioned officers (up to now, the HV has had 114,000 men). This means at the same time that the level of training has in this short period of time reached a quality sufficient for conducting even the most complicated military operations and special missions.

In second place, we should mention that the demobilization returns to the economy all those urgently needed personnel and trained manpower called up into military service mainly from the reserves, who up to now have been essential to the manning of many units in the rear. The favorable economic and political impact of this move is welcome, and it should be explained to all those in our country who nevertheless think that this is reducing Croatia's military power that this is an act which actually demonstrates the strength of the professional segment of the Croatian Army.

It is not only completely organized, but in the last two years it has also become very well equipped with various weapons systems whose firepower exceeds the similar weapons possessed by the rebellious Serbs in Croatia. And while the rebellious Serbs in Croatia and also the Bosnian Serbs have expended and thinned out their core (base) for mobilization, Croatia has at this hour the great advantage of being able to return to the economic sector all at once a number of people about which the Serbs could only dream.

The Military Professional

But something else is also important here. It is now altogether clear that the Croatian Army will enter the second half of the nineties with a military doctrine in which professionals will comprise its striking core and its most sizable (dominant) armed core. Over the long run, only an advanced industrial society can afford such an army. What does Croatia get from it?

The military professional uses the expensive military equipment more optimally and skillfully. Physically and

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mentally, he is far tougher and more steadfast than personnel caught up by a universal military obligation or called up from the reserves. A professional unit is for all practical purposes always ready to move out. In it, no great amount of time is spent explaining where they are going, nor are lengthy preparations needed as in the case of the ordinary army. The motivation of the professional (volunteer) is high as a rule. The units are free of young people who feel a repulsion toward the military calling. That eliminates all the problems of refusing (avoiding) service in the army and the usual problems with conscripts from the reserves, who display numerous shortcomings, especially in the older age groups, which only slow down and diminish the overall preparation of the unit for war.

And then maintaining discipline in the Army is no problem either, because no one can become a professional unless he knows how to take orders and has adapted perfectly to the hierarchical system. The end result of this kind of undertaking on the Croatian side is high, respectable, and specialized combat readiness, by contrast with the Serbian Army, which is "general purpose."

Current Successes

A professional army is certainly expensive, because all the soldiers must be rewarded in keeping with their professional abilities. But the effect in combat is immeasurable. Since 1992, the Croatian Army has begun all its lightning operations and carried them out with professionals. The current successes of the Croatian Army and the HVO [Croatian Defense Council] on the Livno-Glamoc-Kupres battlefield have also been achieved with a professional army and elite units. Even after daily observation of the troops of the United Nations in Bosnia-Herzegovina and in Croatia, it is quite clear that the professional units among them are the most able.

Another favorable circumstance should be noted—Croatia is a far more attractive partner to NATO and to the Americans with a professional army. That does not mean, of course, that the Croatian Army will altogether renounce replenishment through the universal military obligation, especially if there is an immediate threat of a large-scale war. In the transitional period of several years, the voluntary and universal military obligation will certainly continue to be mixed. Nevertheless, the conception of highly specialized and motivated professionals has been forged. The responsibility for defense of the state is too serious a matter for rash and short-term improvisation. That is why we are patiently building the path which leads reliably to victory.

Article States HVO Artillery Controls Knin

95BA0243C Zagreb VJESNIK in Serbo-Croatian 27 Apr 95 p 7

[Article by Ivica Marijacic: "Following Liberation of Mt. Dinara: Knin as Plain as Day"]

[FBIS Translated Text] The other day on Mt. Dinara, Mile Martic, self-proclaimed president of the occupation creation on Croatian territory, visited the positions of his army, which "heroically" fled from the strong assault of units of the HVO [Croatian Defense Council]. Martic probably wanted to repair the fighting spirit of his "invincible" army.

As is well known, the Serbs were left without a serious response to the counterstrike of units of the HVO, which liberated several dozen square kilometers of mountainous terrain, which is very difficult to get through, but is strategically very essential. Since that time the occupation authorities in Knin have been quite worried, because the HVO has moved up to within only two kilometers of the Croatian town of Unista and is only a bit further away from Kijevo, and from all the important elevations on Dinara that have been liberated their artillery is looking down on the very center of the armed Serbian rebellion in Croatia.

Restlessness in Knin

Once again, then, the Serbs have experienced a convincing defeat, which they have not had the strength to acknowledge in public. After that everyone who can is leaving Grahovo and Glamoc, and restlessness has affected the population of Knin. In order to correct the situation on the battlefield, the Serbian authorities in Knin are even sending raw recruits without any experience or military knowledge to the forward outposts, even individuals who are sick.

Stanko Zivojin Mrdalj, a 27-year-old lad from Gornji Zemunik, was killed a month ago on the Livno-Grahovo battlefield fighting in the chetnik ranks. It is evident from his military card, which has been found, that he was judged unfit for military service in the JA [Yugoslav Army]. This time his state of health obviously was not honored as a reason for keeping him from being sent to real war. The Serbian occupation authorities simply need everyone, even a sick man—anyone who can carry a gun, regardless of sex, age, health, and finally, the personal wishes of that individual. Although he was sick, those authorities sent Stanko Mrdalj to his death on the territory of another state.

Nineteen-year-old Jovo Drca of Benkovac was luckier. His comrade-in-arms Zecevic, from Jagodnja near Benkovac, was killed, and Drca himself was wounded

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on that occasion and captured, and today he is recovering in the Split hospital. That young man is a raw recruit and has no experience of war. He was sent to the battlefield and supports the argument that the occupation authorities in Knin, who do not have enough trained fighters, are resorting to recruits of all but children. Thus, the Serbs are trying at any cost to prevent the advance of HVO units on the border of Croatia and Bosnia and Herzegovina.

Roads in Full View

In that liberation operation the army of Croats from Bosnia and Herzegovina brought about a real breakdown in the chetnik ranks and scattered civilians. Radovan Karadzic, who is suspected of war crimes, even tried to correct the situation in person by ordering that they prevent anyone's attempt to move out of the zone in which the HVO was liberating the territory of Bosnia and Herzegovina step by step. Karadzic wants to halt the attempt of the population to flee towards Drvar and beyond.

The several dozen square kilometers liberated on Mt. Dinara contain dominant elevations from which the HVO looks down on the roads that connect Knin to Glamoc, Drvar, and Grahovo. The operation to liberate Mt. Dinara was a perfectly executed counterattack in which every enemy resistance was broken at the very outset. This was a diversified strike within which the HVO conducted a helicopter landing in the depth of the occupied territory. The landing was covered by Mi-24 military helicopters and also effective air defense in case hostile aircraft approached. The artillery preparation was performed infallibly, and special units were sent in to the depth of enemy territory in order to cause confusion in the enemy rear. The HVO was entirely successful in doing this.

Varied Weapons

In addition to military and transport helicopters, the HVO units also used T-55 tanks and M-84 130-mm cannon, with a range of 27 kilometers, which even now can look down on Knin with their fire, and then 105- and 155-mm howitzers and various mortars. The missile systems were of course also in operation: Oganj and Vihor 122-mm 40-barrel rocket launchers, which destroy enemy personnel and equipment and have a range of 25-30 kilometers. The Fagot and Milan antiarmor weapons were also captured, along with the Malyutki, which are commonplace in such operations. The coordinated activity of various arms of the HVO army caused panic and confusion in the enemy units, because the chetniks did not know where the strike was coming from.

Which is why there was no very strong resistance to HVO units, which liberated the Dinara mountain area and thus arrived at the border between Croatia and Bosnia and Herzegovina, managing to do what the UN forces had not been able to do for years, in spite of the mandate in resolutions of the UN Security Council that obliged them to do it.

This method of warfare demolished the outdated paradigms of the military doctrine of the enemy, who once again was fully expecting a frontal assault and direct hand to hand combat. The Serbs were more than convinced that they could not lose Dinara, but when the operation began, they found no answer to the question of how to halt the military machine of the Croatian Defense Council.

Hard To Admit

It should be recalled that the occupation media have been publishing very little news about the defeat of their army on Dinara because the leadership there judged that publishing those facts would reinforce the already poor morale and political mood of the population, which has been led into a war with their own homeland.

In addition, it is not easy to admit large losses of personnel, the loss of a strategically invaluable area, and the loss of yet another important battle. The Serbian military and police occupation regime in Croatia is still maintaining that in spite of the increasingly frequent defeats and lost battles, it has won the war. The price of that illusion is painful every time, but still not sufficiently painful to be a warning to those authorities.

So long as there are those who can mobilize by coercion and send people to their deaths, including sick people like Stanko Mrdalj or people who are too young and inexperienced like Jovo Drca, the individuals mentioned at the beginning of this piece, those authorities will continue to wage war. When they run out of weak people like that—when, that is, the great myth about the Serbian state on Croatian territory is completely shattered—the leaders of aggression will nevertheless withdraw without any pang of conscience to Serbia, where they long ago provided a retreat for themselves and their families.

Description of Law on Armed Forces

95BA0233D Zagreb VJESNIK in Serbo-Croatian 9 Apr 95 p 14

[Article by Josip Antic: "Ticket to a Partnership"]

[FBIS Translated Text] Did the recent passage by the parliament of the Law on the Armed Forces really bring us closer to the "Partnership for Peace" alliance,

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as Defense Minister Gojko Susak said among other arguments when he was requesting urgent procedure? Even though in presenting the bill in his domain he did wave the "Partnership for Peace" for promotional purposes, the debate on expanding membership in that alliance will be opened only in December 1995, and even then the Croatian desire registered long ago to join that military alliance does not mean much until an official invitation reaches Zagreb from the headquarters of the military-peacekeeping partnership—it is a fact that by adopting this law Croatia has, in fact, taken an essential step in the direction of the West, and at the same time it has made it possible to improve the quality of the military organization. For that matter, in the parliamentary debate no one even attempted to play that down: Regardless of party stripes, it was emphasized that the Defense Ministry had offered the House of Representatives a serious law that had been well thought out—"one of the best," as Mate Arlovic, opposition legislative expert, called it from the speaker's desk. What do the new provisions of the law signify as compared to the present situation?

Defective Legal Framework

In the course of the Homeland War Croatia mainly regulated the question of service in the armed forces on the basis of the legal framework taken over from the federal laws in the area of defense adopted some time ago. That framework very quickly proved to be defective in the situation of independence as a state—which is why the new law signifies not only confirmation of successful solutions concerning the armed forces that are derived from the experience of the Homeland War, but also correction of irregularities and shortcomings created by the wartime conditions, it was stated in the argument to justify the law.

From the organizational standpoint, the law distinguishes three groups serving in the armed forces: military personnel, employees, and military employees. The military personnel may in turn be professionals (effective) and conscripts. The law also adopts a new system of officer ranks patterned after the Western system.

This is the 5:4:4 model, which is to say that in the HV [Croatian Army] there are five ranks for noncommissioned officers, four ranks for junior commissioned officers, and four for senior officers. The rank of sergeant has been included among the noncommissioned ranks, and the rank of staff sergeant has been dropped. The junior officer ranks are warrant officer, second lieutenant, first lieutenant, and captain, and the senior officer ranks are major, colonel, brigadier, and staff brigadier (in the Navy, commodore). But the highest rank in the HV is the staff general (in the Navy, admiral), which is awarded exclusively for wartime service.

The Law on the Armed Forces also spells out the procedure for discharge from the HV, both honorable and dishonorable discharge. A regular member of the armed forces may be discharged dishonorably if he has lost his service on the basis of a final verdict of a military disciplinary court, if he has left the service without authorization, if he has been officially rated "unsatisfactory," and if he has been sentenced to imprisonment longer than one year for a premeditated crime. Dishonorable discharge also involves loss of all rights and privileges.

The public has not been as interested in these changes as in the provision which defines the retirement of regular military personnel. That is, behind the articles of the law which prescribe that a regular member of Guard units retires after 20 years of effective service, and members of other units after reaching age 55 and serving 35 years in peacetime, people began to read the names of possible candidates, and so newspaper articles have hinted at the retirement of senior officers: General Janko Bobetko, Gen. Anton Tus, and Admiral Sveto Letica. Such reports, however, have not been confirmed in the Defense Ministry, and during the parliamentary debate the deputies were not inclined to a recital of the effect of the "retirement provisions."

Party Allegiance "by Moonlight"

What was of greater interest to the people's deputies, more precisely those in the opposition, were the provisions defining the depoliticized character of the Croatian Army as an organization above political parties. Consistently implemented depoliticization, that is, is one of the very important requirements of the "Partnership for Peace," because it is by that principle that the armed forces of the democratic state operate. In this connection, the opposition was not satisfied with Article 9, which prohibits regular military personnel from organizing trade unions or political parties in the armed forces. Ivo Skrabalo (HSLS [Croatian Social Liberal Party]) said that such a provision was not sufficient to really guarantee depoliticization, because it allowed "possible party activity outside working hours." Skrabalo demanded in this connection amendment of the article so that it would explicitly prohibit regular military personnel from any party membership whatsoever, which was not passed.

In making the case for the law, Minister Susak said that of the 128 people employed in the Personnel Administration only two are members of the party in power, and he left open the possibility of the parliament establishing a commission that would check his assertion, which

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was not done. Even after this statement, however, the opposition still had the impression that actual depoliticization is still an important job yet to be done.

But from the standpoint of formal law, the Law on the Armed Forces ought to be sufficient for joining the "Partnership for Peace." For that matter, during the two years of preparation the sponsor used the experiences of a dozen European countries and the United States. Whether the practice will also meet the strict criteria of the "partner" is a question in which we will still have to wait for an answer in spite of the good intentions. Among other things, one of the provisions of the "Partnership for Peace" is that the armed force of the member country entirely control the internationally recognized territory of the state, which in Croatia is still not the case unfortunately.

3d Anniversary of Zadar Air Force Base

95BA0233B Zagreb VJESNIK in Serbo-Croatian 8 Apr 95 p 1

[Article by HINA: "The Pride of the Liberators"]

[FBIS Translated Text] Zadar—The 3d anniversary of the Zadar Air Force Base, a military unit of the HV [Croatian Army] which was established 21 March 1992 on the basis of an order by Corps General Anton Tus, was celebrated in ceremonies held on Friday in Zemunik near Zadar.

The ceremonies were attended by Major General Imra Agotic, chief of the Croatian Air Force and Air Defense, Brigadier Ivan Tolj, chief of the Political Administration of the Ministry of Defense, Sime Prtenjaca, zupan of Zadar and Knin, parliamentary deputies from Zadar, and numerous other guests. Members of the Zadar Air Force Base were assembled in formation for this ceremonial occasion.

Colonel Josip Njari, the air base's commander, spoke about its three years of operation. He recalled the time when the air group of the National Guard Corps was operating in Zadar with a large number of Air Force officers of the former army who joined the Croatian Army and made their contribution to the defense of Zadar.

The air base in Zemunik was liberated in Operation Maslenica in January 1993. According to Col. Njari, the members of that unit occupied positions around the air base even before the liberation. After it was liberated, the Zadar Air Force Base became the pride of all participants in Operation Maslenica, because the enemy thought that it was an unconquerable fortress, Njari emphasized. Later in his address, Col. Njari said that even after the liberation the enemies wanted to destroy the base by leaving 10 tons of explosives beneath the runways. However, members of the Croatian Army disarmed that facility at great effort, and Dr. Franjo Tudjman, president of the Republic of Croatia, officially opened it on 18 July 1993.

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NDP Holds News Conference on Coming Congress

AU2605060095 Skopje Radio Macedonia Network in Macedonian 1330 GMT 25 May 95

[FBIS Translated Text] The NDP [People's Democratic Party] held a news conference in Tetovo today on the party's forthcoming first congress. Jovan Bulevski reports:

[Bulevski] Leader Ilijaz Halimi and Secretary Ibraimi briefed the press on the first party congress to be held in Tetovo on 27 May. The congress will be held with the status of the Albanians in Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] still unresolved. The government is proceeding with its anti-Albanian policy, thus creating conflicts that lead to the destabilization of Macedonia. They said that the political trials related to the opening of Tetovo University, the closure of a school near Struga, and the closure of many private publishing houses—mainly Albanian—clearly reveal the government's political view toward the Albanians in Macedonia. Some 233 delegates and a large number of domestic and foreign guests will be participating in the NDP congress. The congress will be open to the public, and representatives of political parties from Kosovo and Albania have been invited. Preparations have been made, and the main issues have been raised by the Commission on Legal Issues. While there will not be any changes in the party program, efforts will be made in the reaffirmation of the most significant program determinations. Party policy will be dedicated to solving the status of the Albanians in Macedonia. Political parties that include Macedonians as well as parliament delegates Abduljadi Veseli and Mersem Biljali—who abandoned the party because he was not elected to the central NDP presidency in Gostivar—will not be invited.

Court Sentences Professor for Rally in Tetovo

AU2505161295 Skopje MIC in English 25 May 95

[FBIS Transcribed Text] Musli Alimi (47) from Tetovo was sentenced eight months in prison on 24 May by the council of the municipal court in Tetovo for committing the act of "participation in a crowd that will prevent an official person from carrying out his duties."

Musli Alimi, who was a professor of Roman Law at the University in Pristina, decided to remain silent in court yesterday. It was proven that Musli had taken part in the demonstrations in Mala Recica on February 17.

Rift Seen in Islamic Religious Community

95BA0224D Belgrade BORBA in Serbo-Croatian 7 Apr 95 p 7

[Article by M.K.: "Accusation in Response to an Accusation"]

[FBIS Translated Text] Skopje, 24 Mar—Judging by what Skopje papers are writing, there has been a deep split for quite some time now in the Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] Islamic Community.

Haji Jakub Selimovski, until four years ago the chief official of the Islamic Community of Macedonia and at one time the last reis-ul-ulem in the former Yugoslavia up until its disintegration, last night spoke over Macedonian state television to the public here, especially Muslim believers, warning them that there has been a split in the present Islamic religious community on the soil of Macedonia because of the "monoethnic criterion."

This high-level Islamic priest, who incidentally is from Macedonia, directly attacked in his TV statement last night the fanatic Skipetar nationalists of the Muslim faith, saying at the same time that the "Skipetars have long been using unacceptable principles, attempting in the Islamic Community to articulate exclusively the national interests of an expanded Albania."

"My position has always been that the well-known principles of Goce Delcev, the Macedonian revolutionary from early in this century, should be respected. He actually saw the world in which we live predominantly as a field for the cultural competition among peoples," Haji Jakub Selimovski said, adding that he had always advocated not only that all faiths, but also all peoples living on the soil of Macedonia should live together.

In a critical TV statement, Haji Jakub Selimovski also said that "the current leadership of the Islamic Community in Macedonia has been trying for years to exceed the limits of its religious activity, imposing certain burning problems of one Islamic ethnic category, in this case the Albanian." The events that have occurred in numerous mosques all over Macedonia are not accidental, he added; it is the current leadership of the Islamic Community in Skopje that has been banning in them any religious services in other languages than Albanian. According to Haji Jakub Selimovski, this represents a kind of belittlement of the other linguistic cultures. All this, he said, is a kind of boomerang, because religious communities such as the Gypsy community and the Bektes Islamic Community have separated from the Islamic Community.

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According to informed sources, this reaction by Haji Jakub Selimovski ensued after the campaign of numerous private television and radio stations, whose activity is financed by the Skipetar Muslim lobby abroad.

Haji Jakub Selimovski, former reis-ul-ulem, is represented on those programs as a "traitor to the faith of the Albanian people." The Committee for Preservation of Ethnic Unity, which is headquartered in Geneva, particularly reproached him for having personally taken the other side, advertising the unacceptable slogan "Macedonia for the Macedonians" "at a time when the Albanian people in Macedonia is fighting to achieve its state sovereignty."

On last night's television program, Haji Jakub Selimovski, former head of the Islamic Community of Macedonia, above all rejected the charges, because, as he added, he had never "put himself on the side of any ethnic religious grouping."

Large General Strike Scheduled for Major Cities

95BA0249F Belgrade POLITIKA in Serbo-Croatian 26 Apr 95 p 7

[Article by Milisav Krstic: "The Hungry Raise Their Voice"]

[FBIS Translated Text] Skopje, 25 Apr—On Thursday, 27 April, the Federation of Independent and Autonomous Macedonian Trade Unions (UNASM) will organize in all major cities of FYROM [The Former Yugoslav Republic of Macedonia—FYROM] the largest general strike so far under the slogan "The Voice of the Hungry."

The organizers of this large-scale Macedonian strike of socially dissatisfied citizens expect, that in Skopje alone, about 100,000 dissatisfied citizens will gather in Macedonia Square, assuming, of course, that the police of Minister Frckovski do not prevent them from coming to the scheduled protest rally.

"The meeting on Thursday will actually be a large populist gathering of all the dissatisfied citizens who live on the soil of the new Macedonian state to express their disagreement with the policy being conducted by the present Skopje government, which has lost contact with the people," Atanas Lefterov, general secretary of UNASM, said in advance of the announced public protest, adding that afterward a petition containing 16 worker demands would be presented to the government of B. Crvenkovski.

The Government Knows How To Lie

UNASM, most of whose members are workers who lost their jobs under the so-called law on transition and privatization of enterprises, emphasizes in its strike announcement that its leaders first "made unsuccessful contacts" with members of the Skopje government, with Prime Minister Crvenkovski, and even with Kiro Gligorov, president of the republic. "In the end we realized that we have a government that knows how to lie, and does so with ease," said UNASM leader Atanas Lefterov, asserting that "there is hardly a single worker demand that can be met" by this kind of government.

In an interview he gave with the opposition weekly MAKEDONSKO DELO, Atanas Lefterov, until recently a worker at the steel mill in Skopje, stated publicly that, in fighting for the most basic worker and civil rights, he has come into conflict with authority and has "reached the bottom in his life." In these last several years of trade union struggle, he said, he had faced "unprecedented pressures from the government," and then in the end he lost his own job.

"For more than a year and a half, I was one on that very lengthy list of Macedonia's hungry," Lefterov told MAKEDONSKO DELO, because, he added, overnight he and his family were left without their principal source of income.

Although this leader of independent Macedonian trade unions emphasizes that UNASM demands are exclusively those of the "workers and trade unions," this morning's issue of NOVA MAKEDONIJA, published in Skopje, which alertly defends the positions of the current government, contains a harsh editorial entitled "A Political Strike," which minces no words in belittling the Macedonian civil and worker dissatisfaction that is growing here. That is, according to the Skopje newspaper, of the 15 worker demands made public so far, only four are "social in nature." The other demands of that trade union, as NOVA MAKEDONIJA assesses them, are "unacceptable in content" because they favor halting the Macedonian reforms that have been initiated and a return to initial positions. Explaining their objection to the activity of this kind of worker trade union, which it views in harsh terms, the progovernment Skopje political daily attempts to warn the public here that UNASM is trying to win repeal of the law now in effect on privatization of socialized Macedonian firms, which was drafted "according to Ante Markovic's formula," to win repeal of the law already being implemented on the purchase of socialized housing, and especially the law on the so-called restructuring of the 25 largest enterprises operating at a loss in the republic.

Social Credit

The progovernment political daily in Skopje especially opposes the demand of that independent trade union

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that, in addition to special measures, it reinstate those workers whose firms have gone bankrupt. "The demands of the independent trade union undoubtedly go against the reforms that have been initiated because their trade union federation advocates forcible amendment of the laws adopted here, along with establishment of street democracy, which will ultimately turn into anarchy," the progovernment Skopje daily warns in its editorial.

Nor does it miss any opportunity to tell the public here that the announcement of the Macedonian general strike of "the hungry" coincides with the decision already made public by the World Bank, which next month will most likely grant FYROM the long-awaited standby arrangement to support the feeble Macedonian economy in the amount of $18 million, along with an additional loan of $14 million that will be intended to "mitigate Macedonia's social tensions."

No one, at least no one here, dared to comment on whether this "social credit" will succeed in mitigating Macedonia's acute difficulties. Although social troubles have arisen, they are rather difficult to explain in terms of the restructuring of the Macedonian economy according to the Western "formula." At least to the public here.

In spite of these considerations, the Skopje newspaper warns that those citizens who attend the rallies all over Macedonia, expressing their dissatisfaction in this way, may jeopardize the current government reform, which is to say, their own future existence, if, of course, the World Bank responds to these "incidents" by not granting the announced loan to FYROM. That is why the independent trade union referred to is harshly reproached for mostly trying to deal with day-to-day politics instead of fighting for a more prosperous society.

Article Views Protest

95BA0249I Belgrade VECERNJE NOVOSTI in Serbo-Croatian 27 Apr 95 p 9

[Article by Svetozar Djonovic: "The Hungry Are Seeking a Change of Government"]

[FBIS Translated Text] Today, 27 April, the Government of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] will face its largest test to date: Will it accede to the demands of the dissatisfied workers and citizens, the unemployed, and those living below the poverty line, or will it manage, as it has up to now, to twist and turn unscathed through the traps and labyrinths of the multiparty system and the market economy, which has cut the workers' standard of living down to beggary?

Under the motto of "Rally of the Hungry," about 100,000 people were supposed to gather on the main square in Skopje according to the forecasts of the organizer of this protest, the Federation of Independent and Autonomous Trade Unions of Macedonia [UNASM].

The government was presented the following demands: productive and justified privatization, but not the present method of cheap looting of socialized property, free health care and education, social guarantees for all those left unemployed, stable funds, stimulation of agricultural policy, control of the flow of goods, the unblocking of foreign exchange savings, payment of tardy pensions, and so on. There were 15 demands in all, among which the most important was resignation of the present government and formation of a new caretaker government that would then schedule early elections.

The strikers expect that they will be allowed to present their demands personally to Kiro Gligorov, president of the republic.

There have, in fact, been previous outpourings of dissatisfaction in many enterprises and cities of Macedonia. But today's meeting, the organizers expect, should surpass all previous ones and should seriously shake the current Macedonian Government.

The demands of the organizer of today's strike are being supported by almost all the opposition parties outside the parliament, which see this large protest as an opportunity to bring down the present government. At the same time, the parties in power describe this action by the independent trade unions as a political attempt to destabilize Macedonia.

Although he admits that he has support of opposition parties, Stojan Nikolov, president of the Federation of Independent Trade Unions, says that the present "Rally of the Hungry" will not have any political connotation whatsoever. Opinions are altogether divided.

It is a fact, however, that this kind of release of the swollen social tensions has been expected in Macedonia for quite some time now. Today's events will show whether the right moment was chosen.

Protest Continues

95BA0249H Belgrade POLITIKA in Serbo-Croatian 29 Apr 95 p 7

[Article by M. Krstic: "The Voice of the Political Opposition"]

[FBIS Translated Text] Skopje, 28 Apr—In the last days of April, President Gligorov's Macedonia [The Former

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Yugoslav Republic of Macedonia—FYROM] has confronted ever more fiercely and frequently the strikes and protests of civil, worker, or ethnic dissatisfaction.

Following yesterday's unsuccessful general "strike of the hungry," which was organized by the otherwise divided leadership of the Federation of Independent and Autonomous Trade Unions [UNASM], a new worker strike was announced today, this time by the "government-controlled" trade union of the textile and leather industry, which operates within the Federation of Macedonian Trade Unions. That is, about 55,000 workers of that trade union declared a work stoppage this morning to express their dissatisfaction with the unacceptable economic measures of the current Skopje government, but, it was announced, only within the grounds of their own factories.

Nor should we neglect the very large-scale protest of tradesmen in the open-air markets, who under the new Macedonian law on trade have been deprived of the freedom to sell several types of products outdoors. Their protests in front of the Macedonian Parliament in Skopje and also their unsuccessful talks in B. Crvenkovski's government lasted hours. But their demands and the threatening echo uttered in front of the republic Parliament were left "hanging in the air."

Meanwhile, two days ago in Tetovo more than 10,000 citizens, all of them ethnic Albanians, demonstrated in the streets of that city with numerous slogans—written in English—because of the trial that has begun of Dr. Fadil Sulejmani, rector of the underground "Albanian University," and Miljami Fejzulahi, a member of that institution's council.

One of the leaders of the ethnic Albanians in Macedonia, Arben Dzaferi, has declared that the Macedonian judicial authorities "did not institute proceedings against Rector Sulejmani and his associate, but against the ethnic Albanian people."

If the statements by Arben Dzaferi, leader of the now-separated wing of the ethnic Albanian PDP [Democratic Prosperity Party], and the content of the slogans have aroused in the Macedonian public new displeasure, accentuated by ethnic pride, then last night's address by Ljupce Georgievski, leader of the VMRO [Internal Macedonian Revolutionary Organization]-DPMNE [Democratic Party of Macedonian National Unity], to the public here deserves particular attention. In his own particular way, Georgievski commented on yesterday's unsuccessful "strike of the hungry," which his party was backing. He rejected with noticeable irony the assertions of Atanas Lefterov, secretary of UNASM, that the police were exclusively to blame for the debacle of the long-prepared worker strike. No one can stop the people if they want to express their demands with legally organized meetings, Georgievski said, adding that when it comes to the slim response of participants in the "strike of the hungry," it seems we had the wrong "picture": of an impoverished Macedonia, President Gligorov's "oasis of peace."

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Supreme Court Repeals Kuklinski Sentence

WS2605110195 Warsaw GAZETA WYBORCZA in Polish 26 May 95 p 1

[Article by Pawel Wronski: "Colonel Ryszard Kuklinski Was Not Exonerated; Sentence Was Repealed"]

[FBIS Translated Text] *Yesterday the Supreme Court [SN] merely repealed the sentence for espionage and desertion that was passed on Kuklinski 11 years ago. The case was once again submitted to the prosecutor's office.*

"According to the present Constitution and the Criminal Code, Kuklinski did not commit any offense. In fact, he is worthy of a monument," said Krzysztof Piesiewicz, one of his three lawyers, after delivering a speech that lasted an hour and was filled with emotion.

In the hall of the Military Chamber of the SN, the lawyers tried to sue the Polish People's Republic, against which Kuklinski fought. In 1981 he informed the United States about plans to impose the Martial Law. In 1984 he was sentenced to death (after an amnesty was announced, the sentence was changed to 25 years' imprisonment).

The lawyers demanded that the colonel be fully exonerated and that the scope of the appeal, approved by the SN president, be extended. The SN drew attention only to mistakes in the procedure and to the fact that evidence on the basis of which the colonel was sentenced to death was meager. The judges of the SN Military Chamber, chaired by Colonel Jerzy Steckiewicz, decided, however, that the evidence they had was insufficient for them to decide whether or not the colonel was guilty.

The fact that the case was sent to the prosecutor's office means that the investigation will be resumed. The prosecutor's office may then either discontinue the investigation or prepare a new indictment.

Editor Comments on Trial

WS2605115595 Warsaw GAZETA WYBORCZA in Polish 26 May 95 p 1

[Commentary by GAZETA WYBORCZA Editor in Chief Adam Michnik]

[FBIS Translated Text] There are people in Poland who consider Colonel Kuklinski to be a hero. After all, while cooperating with the U.S. intelligence services, he contributed to the weakening of the Soviet Union and the communist system.

There are also people who believe that he is a spy and a traitor of the Polish state. They argue that an officer who decides to cooperate with the intelligence services of a foreign state is always a traitor, regardless of what his motives are.

Finally, there are people who think it is impossible to settle such a dispute, just like it is impossible to unequivocally resolve the following question: What was the Polish People's Republic? Only these people will be satisfied with the court ruling. They want the colonel to be neither glorified nor condemned. They want this man, who has experienced many misfortunes, to be able to return to Poland and start a normal life.

Columnist Backs Kuklinski

WS2605120695 Warsaw ZYCIE WARSZAWY in Polish 26 May 95 p 1

[Commentary by Bronislaw Wildstein: "Who Is the Traitor?"]

[FBIS Translated Text] Let us agree with the assumption that is being consistently advertised by postcommunist parties. The history and the legacy of the Polish People's Republic are complex issues, and this is why the people who built and defended this country, while reaping all kinds of benefits, should not be called to account for their activities. Those who sent reports to Moscow, carried out the Kremlin's orders, and cooperated with the intelligence services of the state, depriving Poland of its sovereignty (in the version of the postcommunists, only limited it), should not be called to account for what they did.

If we agree with this assumption, it stands to reason that we should also forget the sentences passed by communists on their opponents. Nonetheless, the situation is different. Those who worked for an aggressive superpower that imposed on Poland the system that has been condemned by everyone today are still enjoying their privileges and holding high offices, which they obtained at that time in the Armed Forces, the police, and the judiciary. Colonel Kuklinski, who cooperated with NATO, an organization that supported efforts to restore Poland's democracy and sovereignty, a defense bloc with which all political forces officially want to integrate, must fight for his exoneration.

Those who wanted to include in the Constitution an article on loyalty to the Soviet Union and who considered the defense of communism to be their principal goal are outraged by the fact that Kuklinski violated his oath. Those who have made money by supporting the system that deprived Poles of freedom and Poland of sovereignty are checking whether Kuklinski received any money from the Americans.

Indeed, it is a strange country we are living in.

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Oleksy's Moscow Trip, East Foreign Policy Viewed

WS2505123095 Warsaw RZECZPOSPOLITA in Polish 16 May 95 p 25

[Article by Wojciech Zajaczkowski: "The Dispute Over Russia: Does Prime Minister Jozef Oleksy's Trip to Moscow Signify a Reorientation of Poland's Policy Toward the East?"]

[FBIS Translated Text] *Prime Minister Jozef Oleksy's trip to Moscow for celebrations commemorating the 50th anniversary of victory over the Third Reich raised heated discussion. It would be wrong, however, if it were to end there and focus only on the immediate goals, instead of leading to a deeper consideration of Poland's foreign policy towards the East.*

The events now unfolding east of the Bug river (Poland's eastern border) are more important than celebrations in Moscow. Jozef Oleksy's trip should thus be seen as more than a bow to traditions of the Polish Committee of National Liberation [nucleus of the first postwar communist government].

The arguments used by the prime minister to explain his decision are logical: His first visit abroad as head of government was to Brussels, clearly demonstrating his Euroatlantic orientation. Now, in pursuing "Polish strategic interests" he is traveling to Moscow, first of all because only by doing so may we obtain results on economic and security issues; secondly, Russians should not unnecessarily be offended; and thirdly, historical experiences can be evaluated in a number of ways, but should not determine foreign policy.

Russia Should Not Be Underestimated

The prime minister's decision ought to be matched against his statements and actions made earlier, and those of other politicians representing the ruling coalition. One of the more important, though lesser-known statements by Jozef Oleksy about Eastern foreign policy was a lecture delivered at the Eastern Institute soon after winning parliamentary elections in 1993. In his lecture Oleksy strongly criticized attempts made in 1989-93 to seek partners from among the democratic opposition parties, which, as it happened, were a marginal phenomenon in the life of former Soviet republics—either because they never assumed power or because they soon lost it. Also deserving blame, Oleksy, then speaker of the Sejm, claimed, was the underestimation of Russia, bearing primarily on our economic relations. Jozef Oleksy's most important objective in foreign policy towards the East was to bring about a breakthrough in this area.

This opinion was indicative of the hope that even a partial revival of contacts dating back to the times of the Council for Mutual Economic Assistance would spur the impulse for developing the Polish economy, especially those companies that had suffered most as a result of the breakdown in Polish-Soviet economic exchange in the years 1989-90. Secondly, the opening of the mythical Eastern markets could favorably dispose business circles to government-affiliated parties, especially the Democratic Left Alliance. Thirdly, the warming of relations with Moscow would make up for the "damage" to Polish foreign policy towards the East caused by post-Solidarity governments.

Other representatives of the ruling coalition shared this style of thinking. They were convinced of the immense, unrealized opportunities lying before Polish-Russian relations, opportunities that had been disregarded by previous governments for doctrinal reasons and out of emotional immaturity. When both Prime Minister Waldemar Pawlak and Sejm Speaker Jozef Oleksy took office, holding two of three top positions of power in Poland, they directed their first steps toward Moscow.

The breakthrough never took place and never could have. Given the situation the Russian economy is in—the disintegration of the old system and the chaos accompanying the formation of new economic mechanisms—the concept of a special opening up to Poland is totally out of the question. What remained were painstaking negotiations on mutual debt, fishing rights in the Okhotsk Sea, and construction of the gas pipeline from the Yamal Peninsula to Germany. Poland was obliged to agree to concessions on the first two issues. Disregarding resultant political implications—a controversial economic deal for the pipeline was signed without even a wink of the eye.

The Pipeline as a Means of Leverage

The construction of a pipeline running through Poland has been perceived, and is still perceived by Russians not only as a venture whose worth can be measured in billions of dollars, but also as a maneuver to deprive Ukrainians of the only possibility of defending themselves against Russia using the gasline for political blackmail. Until recently, this has meant that leverage in disputes between Moscow and Kiev could not have been used—for all Russian gaslines running westward stretch across Ukrainian territory, and the withholding of gas from reaching that country would in effect lead to cutting of the export of gas to other countries.

In its policies Poland obviously does not have to take Ukrainian interests into consideration, and if it were to base its policies on purely egoistic grounds, it would

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pursue only those that ensure its own welfare. The question remains, however, what do we understand by the term welfare? Polish economic interests come before the security of our neighbor to the East.

There should be no pretense, nonetheless, that there are no contradictions here that may have possible far-reaching implications for our country. The Ministry of Foreign Economic Cooperation, responsible for negotiating the contract for this deal, has certainly seen nothing but pipes, and would be surprised, just as Molier's Monsieur Jourdain upon discovering he had been using nothing but prose, if it were told how politically involved it was. When Waldemar Pawlak was in government, the shape of Poland's foreign policy with regard to the East was largely decided by Minister Leslaw Podkanski (representing the Polish Peasant Party) rather than by the foreign minister. The background to this lay with the division into presidential and nonpresidential ministries and the predominance of economic issues in ties to the former Soviet Union.

Also limiting the Foreign Affairs Ministry's activity in its contacts with the East over the last year was the lack of interest in contacts with our country demonstrated by Russia. A good illustration of this point was [Russian Foreign] Minister Andrey Kozyrev's cold shoulder to the cooperation proposal advanced by his Polish counterpart in Krakow in February 1994, and the lack of any serious attempts to establish dialogue on the issue of security in Central Europe.

Setting Things Right

Prime Minister Jozef Oleksy has decided to remedy the situation, which seems all the more difficult since it would require Moscow's will to come to an agreement. Yet, as many Russian politicians and experts concede, the Russian Federation has in the years 1992-95 not been able to develop any sensible policies toward Central Europe. The only postulate the Russians have advanced with regard to Central European nations is the demand to have them refrain from access to NATO.

The Polish leader stated he would attempt to explain to the Russians why Poles intend to join NATO. No doubt the prime minister's position was influenced by the example of Hungary, which, as [Hungarian Prime Minister] Gyula Horn stated, intends to consult its plans in this area with Russia. Jozef Oleksy probably did not stop to take a look at the map of Europe and compare Hungary's location with that of Poland, incomparably bigger from a strategic perspective, before stating he intends to talk to the Russians on NATO, even though the Russians have claimed such a discussion would be purposeless. It is characteristic that Minister Andrey Kozyrev, who is such a frequent guest to Washington and Brussels attempting to explain Russia's position on many issues, has only visited Poland once, and on a private visit at that.

How does this relate to the opinion of Jozef Oleksy—that he is a pragmatician and that he is a person not inclined to involve himself in a venture that does not spell success? Was not the Moscow visit coolly calculated to bring benefits that would outweigh the disadvantages, that is, the conflict with the president and the disapproval from a segment of society?

There are no easy answers. A variety of economic issues were discussed during the visit of the Polish delegation to Moscow, in following with an excellent procedure developed during Waldemar Pawlak's stay in power: The heads of cabinet discussed issues that could have been addressed by lower-ranking officials. The important exception being the talks on the possibility of renewing military-technical cooperation, which Jozef Oleksy mentioned briefly in a short interview with the IZVESTIYA newspaper.

From Russia's perspective, the need to renew the arms trade with Central European countries, especially Poland, the largest of these, remains beyond question. Between the late 1980's and early 1990's the Soviet Union, and in consequence Russia, lost not only its Central European political dominion, but also a large market for the sale of arms—much more credible from a financial point of view than Vietnam, Cuba, or Syria. Ties to Central Europe must be reestablished quickly or else the countries of this region will realign their armies to Western equipment for good or will start their own production. What interest Poland has in helping Russia return to the Central European market is difficult to say.

Talks Have To Be Maintained

Economic issues do explain many things, but do not throw full light on the position Prime Minister Jozef Oleksy has chosen to take. It seems that the categorical statement: Talks with Russia must be maintained, has an important place in the logic of his reasoning. This is a formula that can be defended by arguing that in the East it is important in politics to maintain a friendly atmosphere and have personal relationships. That undoubtedly is, to some extent, true, but cannot be the focus at all cost. At the same time, in the interest of maintaining dialogue with Russia, our closer neighbors, Ukraine and Belarus, are left out of the picture. Jozef Oleksy's position has become much clearer thanks to Adam Michnik, who in his articles has recently advanced the theory that Poland lies between Germany and Russia. "The eternal dogma," as the editor in chief of GAZETA WYBORCZA termed it, one of the biggest

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misfortunes of Polish political thought at the end of the 19th century and first half of the 20th, is thriving quite well, even though its demise was celebrated back around 1991.

This astonishing understanding over and above divisions, between the prime minister and the editor of the largest opposition paper—seasoned with such names as Yesenin, Gogol, Tolstoy, and Pushkin to reinforce the message—is a reflection of the unusual style of thinking about foreign policy. The deliberations over Polish-Russian relations (GAZETA WYBORCZA, 6 May 1995), without devoting even the slightest attention to two countries lying between these two, make roughly as much sense as meditations on the relations between the Kingdom of Poland and the Ottoman Empire: We have shed blood, but it is time to normalize relations in the interest of having a united Europe.

Poland and Turkey are countries that are rather far apart from each other, and there are no indications that we shall ever be able to establish a common border. In the case of our Eastern neighbors, the situation is completely different. Nobody can say with 100-percent certainty who we will border with on the East 10 years time from now, with the independent and sovereign states of Ukraine and Belarus, with some form of confederation dominated by Russia, or with Russia itself.

Jozef Oleksy's position can be explained in either of two ways: As a result of political immaturity or as a result of political calculation. If the second were true, it could in actual terms signify that the concept of integration with European structures is being opted for in return for desinteressement [preceding word in French] in what is happening east of our border. It would mean that Poland's Eastern foreign policy had been revised, which after 1991 tried to view as equal partners absolutely all the nations carved out of the territory of the former Soviet Union.

A concept as attractive as it is dangerous, one that in the final outcome could work against Poland. Before it has been clearly formulated, it would be advisable if in such interviews as that conducted by Adam Michnik with Prime Minister Jozef Oleksy, apart from a list of great Russian writers, the name of Juliusz Mieroszewski were cited, whose political writings have more significance than "Dead Souls" or "The Copper Rider." Also worth reading would be Adam Michnik's articles on Lithuanians, Ukrainians, and Belarusians written in 1985, in which he claimed that "the future of Europe will depend on the relationships between our nations."

Oleksy Interviewed on Coalition, Policies

WS2605100095 Poznan WPROST in Polish 28 May 95 pp 17-18

[Interview with Polish Prime Minister Oleksy by Marek Krol and Boguslaw Mazur; place and date not given: "A Minimum for Poland"]

[FBIS Translated Excerpt] [Passage omitted] [WPROST] "The government will not be a side in the elections. Its activities cannot be paralyzed by the election campaign," you recently said. Meanwhile, Grzegorz Kolodko, deputy prime minister and minister of finance, has said he might resign.

[Oleksy] [Deputy] Prime Minister Kolodko is well known for his unconventional statements and strict views. I would not dramatize this particular announcement. I would like to stress my strong admiration for [Deputy] Prime Minister Kolodko's huge sense of responsibility for the financial condition of the state and his persistence in exercising objective economic discipline. I might add: May he be praised for that. He is in a natural conflict with the remaining members of the Council of Ministers, who may be referred to as "social devourers of the budget." This is a typical situation for any finance minister; there is nothing unusual about it. I do wish to stress, however, that I will do everything I can to avoid the government's involvement in the election campaign. Yet many candidates will probably try to earn points by criticizing the government.

[WPROST] Perhaps the lack of tension between the coalition partners—most probably due to the struggle for power within the Polish Peasant Party [PSL]—offers a chance for surviving the elections.

[Oleksy] There is no choice. Conflicts of interest obviously do exist, but we try not to make them public. I am prepared, however, for the eventuality that the coalition will have to renew the debate on its program as complex reforms proceed. This coalition, as any other, must confirm its credibility through the way it rules.

[WPROST] When you were still Sejm speaker, you said you were disturbed by the fact that the PSL has no plan for restructuring the farming sector.

[Oleksy] This can now be brought as a charge against the entire coalition, even against all of the political groups. I am personally concerned aobut the need to accelerate work on restructuring projects. No one knows how to restructure the Polish farming sector without causing a huge wave of unemployment. Second, I have repeatedly told the EU representatives that Poland is incapable of carrying the burden of financing the restructuralization to an extent that would guarantee

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the same scale of protectionism as that of the EU. Meanwhile, the Union is hiding its head in the sand when it lays down the conditions for restructuring the Polish farming sector without providing for the huge financial support that other West European states received.

[WPROST] It seems paradoxical that the best line of defense for the center-leftist government against the threat of strikes would be accelerating the privatization process. After all, it is the state companies that are trying to drain the taxpayers' pockets to cope with their own needs.

[Oleksy] It is time to remember that six years have elapsed since the system in which it was enough to "stomp your feet" in front of state offices to get money was changed. Of course, I do acknowledge the fact that the government is responsible for settling the public debt and extenuating the debt cycle in state companies. Some of the mechanisms are already in place, but that does not solve the problem. Some companies will probably not survive.

[WPROST] Meanwhile, trade unionists are reaching an agreement with Lech Walesa. What is your assessment of last week's meetings with the president?

[Oleksy] Regardless of what they personally think of each other, the political views they hold, or the paths they followed in life, the president and prime minister have to meet with each other and cooperate. The most recent meetings offer clear proof of that. Otherwise, the state will not function properly. In every country there are issues that have to be dealt with above any divisions, above any conflicts between politicians. The raison d'etat demands that. Foreign policy and defense are such issues. It turned out that discussing these problems is as necessary as it is possible. [passage omitted]

[WPROST] Both your position and that of the president brings to mind the anecdote about Tamerlaine the Great, who was a passionate chess player. He cut off the heads of those who conquered him for their boldness, and sent those he beat to the torture scaffold for inefficiency.

[Oleksy] I do not have a feeling of being entangled because I am aware of the interests at play, I have my own opinions on what may happen and the resilience to overcome all obstacles. I also believe that there already exists a devotion to the idea of the continuity of state, without which everything seems relative and vulnerable to caprice.

I must admit I am waiting for an "enlightenment" of the political elites. I do not know, however, what could inspire it, considering that the representatives of forces that need enlightenment are strongly involved in current, mundane social conflicts. I hope we are not doomed for crude squabbling and a lack of road signs pointing us towards proper conduct. It is a pity. The currently visible lack of respect for authority will not disappear suddenly.

[WPROST] Do you not think that it would be possible to list the few issues that should not be the object of political games?

[Oleksy] We would have to agree that the parliament should not be dissolved before its term expires and that we will not hassle over changing the government after the elections. I am not saying this to protect my own interests. I think—and I may be accused of being immodest—that my cabinet knows exactly what has to be done over the next several years. On the other hand, a program made up of several points would also have to provide for government guarantees that the indexation of benefits will not be impaired; social security and healthcare reforms will be carried out; the education system will be reformed; the budget deficit indexes, economic growth, and level of inflation will be looked after; and conditions enhancing entrepreneurship will be established. Following the example of other countries, it is possible to avoid social unrest by guaranteeing, on the one hand, a minimum level of social security, and—on the other—basic conditions favorable to economic growth. That, however, would require an agreement as to the role that is to be played by trade unions, the admissibility of strikes, and the inevitability of privatization.

[WPROST] The coalition, failing to understand the benefits of having Wieslaw Walendziak head television and Lech Kaczynski head the Supreme Chamber of Control, is providing the president and the opposition with arguments they can use during the campaign.

[Oleksy] I am for excluding certain important institutions from personal political games. Some, however, ask whether public life in Poland has reached maturity and wonder whether the aforementioned individuals and the forces they represent, having taken power, would tolerate representatives of the opposition at those posts. Until the majority of influential groups does not adopt such principles, all personal changes—very restrained in the case of this coalition—should not be assessed too drastically.

[WPROST] If, however, such a custom is to established, somebody finally has to suffer the birth pains.

[Oleksy] I am ready for "birth," and I do not need many obstetricians.

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PSL Leader Criticizes 'Obsequiousness' to West

LD2505194695 Warsaw TV Polonia Network in Polish 1730 GMT 25 May 95

[FBIS Translated Excerpt] [Announcer] Waldemar Pawlak, leader of the PSL [Polish Peasant Party], in the debate on yesterday's foreign policy speech by Foreign Minister Wladyslaw Bartoszewski, has accused the minister and the political elites of being too obsequious toward the West and of failing to appreciate the importance of relations with eastern neighbors. The representatives of the SLD [Democratic Left Alliance] and the opposition parliamentary floor groups expressed support, without any significant reservations, for the activities of the Polish diplomatic service.

[Unidentified correspondent] The Peasant Party leader wondered whether Minister Bartoszewski, talking so much about Poland's efforts toward integration with the West, really represented Poland's interests.

[Begin Pawlak recording, in Sejm] Did the minister speak as Polish foreign minister or as a NATO and EU expert? [applause] [end recording]

[Correspondent] Waldemar Pawlak said that our efforts to enter NATO looked as though we were saying the rosary on our knees.

[Begin Pawlak recording] [words indistinct] Our general pro-European stance is being turned into an ideology of obsequiousness toward the powerful ones of the capitalist world. [end recording]

[Correspondent] In the view of the Peasant Party leader, this is evident when every loan is called aid, when our enterprises are given away to foreign firms and apologies are made when we are not at fault. Opposition representatives were amazed by the hard-hitting speech by the leader of the ruling coalition partner. [passage omitted]

[Correspondent] No SLD deputy took the floor to comment on Waldemar Pawlak's speech, but in the lobbies they described it as clumsy.

[Begin SLD Deputy Tadeusz Iwinski recording, to camera] It reflects the fears of a certain section of society, which is closely connected with the PSL, which has perhaps a weaker knowledge of the world, and which is afraid that such an unfriendly West or more broadly the external environment may complicate living conditions. [end recording]

[Correspondent] In Tadeusz Iwinski's opinion, it is a bad thing that this speech was made by the PSL leader and former prime minister. An outraged Minister Bartoszewski left the Sejm immediately after the debate was over. For the first time, he refused to make any remarks to reporters, saying that he would comment on the debate in the Sejm this evening.

[Announcer] Minister Wladyslaw Bartoszewski has been speaking in the Sejm for a half-hour now. Iwona Maruszak is there.

[Maruszak] Minister Bartoszewski is currently replying to deputies' doubts regarding our policy toward Russia. Minister Bartoszewski said that there is no tension in our relations with Russia. In the foreign minister's opinion, the approaching ceremonies in Mednoye and Katyn will close the most painful chapter in Polish-Russian relations. He has not yet taken a stance on that part of the PSL leader's speech in which Waldemar Pawlak called into doubt the fact that the Polish foreign minister really represents Poland's interests. It is not ruled out, however, that Minister Bartoszewski, like the majority of commentators, thought this speech unprecedented, something not even fit for polemics and not excused by the presidential campaign that is getting under way.

PRC Deputies' Visit Raises Human Rights Issues

WS2505132995 Warsaw GAZETA WYBORCZA in Polish 25 May 95 p 3

[Article by "KRZEM": "Appeal of Freedom Union Deputies: Ask the Chinese About Repressions"]

[FBIS Translated Text] Deputies from the Freedom Union [UW] appealed on Tuesday to members of the Polish-Chinese interparliamentarian group to take a stance on repressions against Chinese oppositionists. A delegation of PRC deputies is currently visiting Poland. They are to meet with members of the interparliamentary group tomorrow. They have already met with Sejm Speaker Zych, deputies from the Nonparty Bloc in Support of Reforms and the Confederation for an Independent Poland, and Democratic Left Alliance [SLD] Deputy Tadeusz Iwinski.

The Chinese broke off a meeting with the Union of Labor when they learned that Zbigniew Bujak had invited a representative of Amnesty International to participate. They will meet with SLD Chairman Aleksander Kwasniewski today. PRC Prime Minister Li Peng is due to visit Poland at the end of June. According to UW deputies, the most recent arrests (four names have been listed) are related to the anniversary of the Tienanmen Square events. One week ago, UW Deputy Jerzy Wierchowicz resigned from the Polish-Chinese parliamentary group. "Nothing can justify casting a blind eye on the crimes and offenses going on in PRC," wrote the deputy.

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Comment: Relationship With Russia, Lost Chances

95EP0091B Poznan WPROST in Polish 9 Apr 95 No 15, p 22

[Article by Jerzy Pomianowski: "The First Commandment: Poland Failed To Exploit Russia's Long Breathing Space; Close and Friendly Relations Should Be Maintained With Poland on Just One Condition: So Long as It Is Not at the Expense of Our Common Neighbors—Ukraine, Belarus, and Lithuania"]

[FBIS Translated Text] Wladyslaw Bartoszewski is the new [foreign] minister: His talents, authority, and personal independence warrant the hope that the recent and distant past of the [leftist] governing coalition will not influence Polish foreign policy. Being a writer himself, he can be trusted to pay attention to the observations and warnings of columnists and reporters from countries which mean something to Poland. The lack of response to public opinion and the press is a kind of social disease inherited (from the Polish People's Republic) by the Polish government. In other countries public opinion and the press are a means of social control. The public accusations made against [former Prime Minister] Pawlak's cabinet minister flowed off them like water off a duck's back.

Polish politicians do not seem to realize the country's situation vis a vis the world and the opportunities of Polish foreign policy. Juliusz Mieroszewski declared that Poland cannot afford five different concepts of its reason of state. He was right, but at the same time not a single concept has been offered, and instead there are only the requests [for Poland to be] sheltered under a foreign umbrella.

The new foreign minister will have his hands full. One may judge that he will be especially busy repairing the neglect of Poland's eastern policy. To be sure, right after his appointment he began to travel in the West, so as to ensure Poland's representation at the ceremonies honoring the 50th anniversary of the end of World War II. Not to mention that it is more dignified to be a host than an guest and that Warsaw, which was the first to say "No" to Hitler, is far from the worst site for such a celebration. But a more important question is whether this will improve Poland's situation and chances.

Jerzy Giedroyc [KULTURA editor] keeps repeating that all these chances hinge on strengthening our position in the East. And indeed, it is only in the East that Poland has room for its own maneuvers and initiative. For the first time in centuries it is able to avail itself of this opportunity, without injuring anyone thereby as well. For some time now, that is, since 1989, Poland has found itself in a situation which it had lacked for 360 years, i.e., ever since it concluded a favorable peace at Polanow [The 1634 Treaty of Polanow between Moscow and Poland, after the war of 1632-34. Moscow ceded Smolensk and Czernigov to Poland and renounced its rights to Courland. Wladyslaw IV on his part renounced his rights to the Russian throne]. Instead of waiting to be crushed yet again between the German and Russian millstones—in the west Poland has bordered and still borders Germany, which is satiated to the point of indigestion and continually watched by Americans, while in the east it longer borders the Soviet empire but several of its fragments, which are now independent and no longer bound together by the iron wheel rim of dictatorship—our country has gained borders with Ukraine, Lithuania, and Belarus. The raison d'etre and state doctrine of the Soviet Union used to be territorial expansion. More than 200 years ago Chancellor Bezborodko declared, "Whatever does not grow, decays." Well, most politicians in Russia keep believing it, even though the theory of the "Lebensraum" has foundered not just in Germany but also in Japan, France, and England. In all these countries the scope of prosperity and civil liberties has expanded prodigiously exactly after they had renounced their colonies or the territories under their sway.

It can be confidently thought that the Russians, too, will realize this. Keeping up the empire has cost the Russians $50 billion a year. The modernization of the Red Army [as published] (after it was compromised by the defeat of its Iraqi simulacrum and forced to retreat from the Elbe River) and the recovery of its might would cost even more. Therefore, I believe, Russia cannot be discussed in the lingo of the general staff alone. One could also, while acknowledging the lucubrations of Russian Foreign Minister Kozyrev, view them as merely the smokescren put up by the rear guard of a retreating big power. This is not perceived by the democratic American politicians, but Polish politicians are closer.

Yet this prolonged "peredyshka" [Russian for respite or breathing space] has been almost completely wasted by Poland. Aside from the principled recognition of the independence of Ukraine (and a couple of symposia convened by well-intentioned academics), Poland has basically done nothing to support and strengthen the independence of our nearest neighbors to the east. Yet that would not only be the sole firm guarantee of preventing the rebirth of Soviet territorial expansion but also the sole means of convincing Russia that its renunciation of its westernmost colonies [Ukraine, Belarus, Lithuania] will not be exploited for territorial aggrandizement by Poland. Giedroyc and Mieroszewski in KULTURA have been unremittingly advocating this concept, and finally it has become realistic. But what

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happened is that, instead of reconciliation and close contacts with these former Soviet colonies we have become estranged from them, we are squabbling with them, and we cannot reach agreement on treaties with them.

Not even the indispensable minimum of avoiding harm to the interests of these neighboring peoples has been attended to, because proponents of passivity have been crying for four years that this might spoil our relations with Russia. As known, these relations have turned sour anyway. Instead of an eastern policy we have the Eastern Station [a reference to an incident at the Eastern train station in Warsaw where some Russians traveling across Poland were said to have been manhandled by Polish police], meaning tail-wagging at Chernomyrdin and at the same time socking ordinary Russians in the mug—ordinary Russians, meaning the people who in the next Russian elections will vote for some imperialist or fascist, for some Zhirinovsky who would expand Russia's "sphere of influence" and oppress those with whom we should talk, our friends. What friends? I mean all those who love their Russia but desire no return to the USSR. This is the sole criterion that matters to Poles. Was this borne in mind by the gentlemen who concluded "the Contract of the Century" for the gas pipeline [to run from Russia across Poland to the West]. That pipeline was like a gun aimed at Ukraine's head. Mieroszewski claims that Russia must swallow Ukraine before it can reduce Poland to the status of a satellite. Sure, close and friendly relations should be maintained with Russia, so long as it is not at the expense of our common neighbors—Ukraine, Belarus, and Lithuania. This can be considered the first commandment of the Polish reason of state.

Defense Industry Role in NATO Membership

95EP0102A Warsaw WOJSKO I WYCHOWANIE in Polish Mar 95 No 3, pp 75-79

[Article by Dr. Pawel Wieczorek: "Possibilities for Poland-NATO Cooperation (Defense Industry)"]

[FBIS Translated Text] The Partnership for Peace program has until now been viewed only in political and military terms. This is natural, because the cooperation between Poland (and other Central-East European countries) and NATO is as yet only in its preliminary stage. But security in the full meaning of that term is something more than politics and military matters; it also includes economic and financial factors. From the Polish point of view, these factors—which also encompass cooperation between Poland and NATO countries in the field of the defense industry and the manufacture of weaponry and military equipment, for which the [Polish euphemism] is "special production"—are just as important as political and military issues.

Little for Now, More in the Offing

The problem of the cooperation between the Polish defense industry and Western partners must be viewed in the context of measures taken to consolidate Poland's European orientation, that is, the aspiration to gradually include our country in the West's integrative structures. In the last three years Poland has initiated cooperation in the military domain with certain NATO countries and neutral countries (the FRG, Great Britain, Canada, France, Belgium, Spain, Austria, Switzerland, Finland). This has led to the development of arms trade and cooperation in the manufacture of weaponry and military equipment. This is important considering that ever since the collapse of CEMA and Warsaw Pact, Poland's cooperation with the other Central-East European countries has been at a deep impasse, although contacts with the Czech Republic and Slovakia was revived in 1994.

The formal basis for international cooperation is at present—as distinct from the era of existence of Warsaw Pact—based on agreements concluded between discrete defense-industry enterprises. In recent years Poland has not signed any specialized intergovernmental agreement regulating questions of cooperation between the domestic arms industry and foreign partners. (Footnote) (An exception here is the June 1994 agreement between the Polish Ministry of Industry and Trade and The State Committee for the Defense Industry of the Russian Federation, which was to—but did not—create favorable organizational and legal conditions for the development of cooperation in the field of defense industry. The talks on broadening Polish-Russian military-technical cooperation, held in November 1994, did not break the existing impasse.)

In view of the relatively extensive dependence of Polish arms production on imports of raw and other materials and various types of components, cooperation in coproduction is indispensable, especially as regards aviation (where finished products account for 40 percent of imports by value), armored equipment, and electronics. The first agreements of this kind were finalized in the late 1993 and early 1994, and additional ones are being negotiated. Examples: The agreement for establishing a joint venture between UNIMOR Gdansk Electronics Plant and the Swedish company Ericsson on the manufacture of radio lines, and the activation, by CPNE RADWAR, in cooperation with a French corporation, Thomson, of the manufacture of IFF (Identification Friend or Foe) equipment. The Wola Steelplant, in its turn, is a coproducer of antiaircraft guns together with the Swedish Bofors, while the PZL Kalisz Air-

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craft Industry Plant manufactures elements of aircraft engines on the basis of an agreement with the Canadian Pratt and Whitney.

In the long run, NATO countries will be increasingly interested in developing such cooperation. This is due to, first, the nature of the changes taking place in their defense industries, and especially to the expansion of supranational structures for arms production. Second, the shrinking demand for weaponry and military equipment (domestically and internationally) is forcing NATO countries to explore new arms markets as well as ways of reducing the cost of implementing programs for the development and manufacture of arms and reducing the concomitant economic risks.

A Lopsided Exchange

The intensification of contacts with Western countries may yield many advantages to Poland. First, this will afford opportunities for broader access to high technologies, not just military ones. Second, such cooperation will contribute to modernizing the domestic defense industry and making it more competitive, and as a result it will serve to increase arms exports. Third, this will make it possible to utilize the experience and assistance of NATO countries in the conversion of the Polish defense industry [to civilian production, partially]. And lastly, fourth, international cooperation will speed up the process of adapting Polish industry to Western standards as regards the organization of arms manufacturing.

A factor in the possibility of broader coproduction cooperation with NATO countries is bringing in order the whole of the aspects of R&D work in defense. Poland has a considerable R&D potential, except that it is dispersed and, for a long time now, underinvested and inefficiently managed. The scale of the underinvestment in scientific research is strikingly demonstrated by a comparison of the share of expenditures on military R&D (under the auspices of the Defense Ministry and the Committee for Scientific Research) in overall spending on national defense, which in Poland's case does not exceed 1 percent, whereas in the NATO countries it is at a level of at least 10-12 percent.

The domestic defense industry markedly lags behind the standards set by the most developed NATO countries as regards organizational structure, funding mechanisms, modernity of machinery pool, and technological advancement of production. This also applies to the R&D base implementing defense-related objectives. Hence also the technology flow linked to the developing [Polish-NATO] cooperation in arms production will be initially of a one-sided nature, with the Polish side benefiting most. An exchange of this kind can be balanced only, if at all, over a long time frame.

Restructuring Comes First

Adopting broader cooperation with NATO countries in the development and manufacture of armaments will not be possible unless the Polish defense industry is extensively restructured. The changes in the modes of ownership and organizational structure of that sector have been so far relatively slow, owing to the extremely limited funds which the government decided to spend on this purpose, as well as to protracted legislative procedures. Sejm's adoption in February 1994 of the Law on Ownership Transformations of Certain State Enterprises of Special Importance to the State Economy, and subsequently the drafting of the implementing regulations, provided the premises for a more rapid conversion of defense-industry enterprises to one-person Treasury companies, which in the long run will possible enlarging their operating capital and improving their technologies.

Of the results so far of the restructuring of defense industry, the following can be mentioned:

—Activation of internal recovery programs at a majority of the enterprises of this sector.

—Gradual reduction of arms production capacity and its adaptation to the related current needs ensuing from new international and domestic conditions.

—Commencement of ownership changes consisting in the conversion of state enterprises to one-person Treasury companies. By the beginning of 1995 all the 31 enterprises of the defense industry acquired this status. In the long run the government is to retain merely a controlling block (51 percent) of the stock in these enterprises. Twenty percent of stock is reserved for the enterprise workforces under the current regulations, and the remaining 29 percent can be bought by domestic investors.

—Initiation of the formation of so-called industrial groups intended to serve as embryo holding companies under the new organization of the defense industry.

—Slashing employment from 180,000 in 1988 to 85,000 in 1994, combined with streamlining its structure.

—Partial concentration of arms production.

—A marked expansion of the variety of civilian products manufactured at defense-industry plants. Even now these plant have considerable civilian production capacity, but the demand barrier is such that in practice that capacity is utilized only 40-50 percent. Example: the Bumar-Labedy Power Equipment Concern in Gliwice, the nation's principal maker of [tanks and]

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other armored equipment and one of the largest defense-industry enterprises. As part of the concern's restructuring, the share of arms output in its overall output dropped from 89 percent in 1988 to 36 percent in 1994. The range of the construction and mining machinery manufactured at that concern has been broadened. However, the recession in mining and construction has caused Bumar to have problems in finding a sufficient number of buyers for its machinery, especially considering that during the first stage of its retooling that machinery has been relatively high-priced and its quality was yet to be proved. It should be borne in mind that while a tank may weigh as much as a construction crane, in terms of value they stand in a ratio of six to one. Thus while Bumar is capable of making 300 tanks annually, to offset the lost income it would have derived from selling them, it would have to sell 1,800 cranes, which is no easy matter.

—Commencement of the financial restructuring of defense-industry enterprises, with the object of achieving their debt relief. In 1993 and 1994 many plants of that industry took steps to reach agreement with their creditors. Some of these enterprises are inclined to cede some of their stock to their creditors in return for quashing the debt. In the fall of 1994 that was the approach taken by two enterprises (Stalowa Wola Steelplant, Swidnik Aircraft Industry and Communications Equipment Plant). Other plants of that industry also are likely to resort to this solution. Altogether, by March 1995 20 defense-industry enterprises have succeeded in reducing their debts and regaining so-called financial liquidity. As recently as at the end of 1994 the entire arms sector owed more than 15 trillion zlotys. Owing to composition agreement proceedings, in the first few months of 1995 its aggregate debt declined by nearly 8 trillion zlotys.

—Gradual recovery of the losses sustained by some defense-industry enterprises owing to the UN embargo imposed on Iraq, as well as owing to the arrears in the payments due them for shipments to the former USSR. In the former case the losses are estimated at $30 million and in the latter, $150 million. Ultimately, it was determined that Russia may repay its debt by making deliveries of new armaments or providing repair services [directly to the Polish military], with the Polish defense ministry in return gradually compensating the Polish enterprises for the debts owed them by Russia. Considering that the defense ministry can assign only relatively limited funds for imports of equipment and repair services, this problem can be solved only in the long run. At the beginning of 1995 Russia still owed $125 million. As for the losses sustained by defense-industry enterprises owing to the Iraq embargo, these were offset in the years 1993-94 when the obligations of the concerned plants to the state budget were written off.

The restructuring measures taken in 1989-94 initiated merely the first stage of adapting the defense industry to the new political, military, and economic realities, which requires continuing the work in that direction. Specific proposals for further reforms are to be contained in the 1995-2000 Program for Restructuring the Defense Industry, along with a Detailed Blueprint for Measures To Be Taken in 1995-2000 and Corresponding Draft Legislation, which the ICC Center for Industrial Cooperation was commissioned to draw up. The work on this program is to be completed in the beginning of 1995; it is being financed with PHARE funds (ECU324,000).

A System of Controls

All the formal-legal barriers previously blocking the access of Poland (and other Central-East European countries) to goods and technologies important from the military standpoint have by now already been abolished. In this context mention should also be made of the Brown Amendment, passed by the United States Congress in October 1994, which confers on Poland and other members of the Visegrad Group the informal status of allies of the United States. This makes it possible to apply for leasing or purchasing American weaponry and technologies as well as to start cooperating in the manufacture of modern military equipment. It is worth emphasizing that the Brown Amendment does not injure the interests of the Polish defense industry; quite the contrary—the access to modern technologies will be a factor facilitating the modernization of that industry. This is important because, among other thing, it is precisely owing to technological considerations that the Polish defense industry is as yet unable in the near future to participate in major NATO coproduction projects.

The growth of cooperation with NATO countries as regards the defense industry requires adopting the same formal-legal solutions as in the Western countries with respect to the arms trade. The following two laws will serve as the basis for the government's supervision of the operations of exporters and importers of "special" [arms] products, services, and technologies.

The Law of 2 December 1993 Concerning the Guidelines for Special Monitoring of Foreign Trade in Goods and Technologies Relating to International Agreements and Obligations (DZIENNIK USTAW, No. 129, Item 598, 1993).

The Law Concerning Foreign Trade in Arms (along with appropriate implementing regulations) is currently in the

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final stage of interministry discussions and will soon be presented for deliberation by the Council of Ministers.

The Law on the Guidelines for Special Monitoring took effect on 25 March 1994, and its implementing regulations were published on 9 September 1994. The scope of the law's subject matter is analogous to that of the regulations mandatory in Western countries. Implementing the provisions of that law will require specified financial outlays, relating chiefly to the formation of so-called control teams. Financial problems have been the main reason for prolonging the discussions of that law among the ministries, and they shall probably also complicate organizing the control structures envisaged in the law. The Ministry for Foreign Economic Relations is responsible for implementing the law, and it operates a special department for this purpose (Bureau for Trade in Goods and Technologies under International Restrictions). The ministry, acting in consultation with the Minister for Foreign Affairs, determines the lists of goods and technologies subject to special monitoring.

The subject matter of the provisions of the draft Law on Arms Trade has not so far been covered by parliamentary legislation, thus deviating from the practice of the NATO countries. There is no doubt that in view of the special importance of foreign trade in arms products, services, and technologies to national defense and national security, such a form of legislation is the most adequate and desirable.

Practice shows that breaking the government's monopoly on trade in arms products and services results in a situation in which the pertinent government agencies are unable to monitor that trade adequately. (Footnote) (At present 51 enterprises are licensed to engage in foreign arms trade, of which: 19 state enterprises, eight joint stock companies, and 24 limited partnerships. In 1991 27 enterprises had such licenses.) Moreover, the existing laws regulate this situation only in general, broad terms, which also does not assure adequate supervision. (Footnote) (This refers to the Law of 23 December 1988 on Business Activities and the Customs Law of 16 May 1994, along with their implementing regulations.) This is due to the extremely broad scope of these laws, which regulate a dozen or so different domains of business activity.

This problem should also be viewed in the context of the so-called New Forum which will now, in lieu of COCOM, supervise world trade in advanced technologies. The introduction of an efficient mechanism for monitoring the exports and imports of modern technologies by the government will condition the role and importance of Poland in that organization.

The provisions contained in the draft Law on the Arms Trade isolate an entire domain of exports and imports of goods, services, and technologies of military importance from the scope of the heretofore mandatory Law of 23 December 1988 on Business Activities. What is more, the proposed solutions in a sense conflict with the above-mentioned law. Thus, while the guiding principle of the Law of 23 December 1988 is freedom and equality of access to broadly conceived business activities, under the draft Law on the Arms Trade major constraints will be imposed on that access. The need for a far-reaching state intervention, as reflected in, among other things, the legal immunity of certain pertinent decisions owing to important considerations of national defense, national security, and the national economy, ensues from the special nature of this segment of trade. (Footnote) (This concerns decisions to grant licenses to engage in the arms trade or to approve particular transactions in arms.) Eventual formal restrictions on access to the activities regulated by the draft law, combined with far-reaching powers of the government as regards the related decisionmaking process, are to promote and assure a careful selection of the entities [that can engage in arms trade] and, above all, to assure a free and flexible policy of the government on that trade.

Under the Law on Foreign Trade in Arms, the Council of Ministers may, by issuing an executive order, impose total prohibition against or restrictions on trade with certain countries when so warranted by considerations of national security or national defense or important interests of the national economy. The Council of Ministers also is to specify (likewise in the form of an executive order) a list of the goods, services, and technologies to which that law's provisions apply.

Until the above law is passed and takes effect, the provisions of the Law of 23 December 1988 on Business Activities remain binding. Pursuant to the latter law, the Ministry for Foreign Economic Relations issues orders regulating the lists of goods and services for which permits are required if they are to be traded abroad.

The list of the countries on which Poland imposes arms trade restrictions is currently determined pursuant to Resolution No. 30/94 of 27 May 1994 of the Council of Ministers on the Prohibition Against or Restrictions on Foreign Trade in Arms. Paragraph 2 of said resolution precludes the possibility of arms trade with the countries for which such trade is embargoed by the United Nations. The list of such countries is contained in the Declaration of 8 June 1994 of the Minister of Foreign Affairs (MONITOR POLSKI, No. 39, Item 336, 1994) (Footnote) (In 1994 the list of the countries under the UN embargo contained: Iraq, the countries formed upon

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the disintegration of the former Yugoslavia, Somalia, Libya, Liberia, Haiti, Angola, and Rwanda.) Pursuant to the decision of 8 June 1994 of the Council of Ministers the countries embargoed by the United Nations account for the principal part of the Polish blacklist of the countries to which exports of weaponry and military equipment are totally banned or subject to restrictions.

The ban or restrictions on arms trade with countries other than those named above (the second part of the Polish blacklist) requires each time a separate resolution of the Council of Ministers, as reflected in the provisions of Paragraph 3 of the Resolution No. 30/94 of the Council of Ministers. The currently mandatory list of these countries is defined in the Resolution No. 55/94 of 16 August 1994 of the Council of Ministers. The pertinent resolutions are classified as secret.

It is worth noting that on 9 June 1994 the Polish Sejm passed a resolution asking the government to limit the so-called negative list (blacklist) solely to the countries under the UN embargo (MONITOR POLSKI No. 34, Item 279, 1994). Irrespective of the formal position taken by the government on this issue, it should be emphasized that in practice restrictions on arms trade apply to only a very few countries other than those under the UN embargo.

The decision to place a particular country on the blacklist is taken on the basis of the following criteria:

—Peril to Poland's national security interests.

—Peril to economic or political relations with a [third] country considered a principal partner of Poland.

—Possibility of upsetting a regional balance of forces.

—Involvement in combat operations and domestic armed conflicts.

—A major violation of the rights of man.

—Support of international terrorism.

The proposed Law on Foreign Trade in Arms adopts a highly comprehensive approach to the problem of the reasons for imposing a prohibition against or restrictions on arms trade by stating that here the decisive factor is important interests of the state's foreign policy or the need to satisfy international obligations or agreements. This concept comprises all the detailed criteria that are currently followed in the context of the Resolution No. 30/94 of the Council of Ministers.

* * *

Poland's participation in Partnership for Peace has to be viewed as a point of departure for broadening and deepening political-military cooperation with NATO countries, but also as a means of expanding industrial cooperation, in the defense sector as well. Without cooperation in the field of the defense industry the partnership between Poland and NATO will not be complete. Both these plans of cooperation are mutually conditioned and mutually complementary, thus providing a road to a safer—meaning not threatened militarily and also more prosperous economically—Europe in the year 2000.

Sejm Deputies Concerned About Privatization

WS2405150295 Warsaw GAZETA WYBORCZA in Polish 24 May 95 p 18

[Article by Artur Morka: "Unfortunate PPP"]

[FBIS Translated Text] *It is again very uncertain whether the Mass Privatization Program [PPP] will get off the ground.*

The Sejm Privatization Committee gave a very bad evaluation of the work on the PPP yesterday. According to the committee:

—the government has no chance to start selling shareholder's certificates of the National Investment Funds [NFI] as has been scheduled (that is, this summer);

—the condition of over 400 companies that are waiting for the PPP to get off the ground is steadily deteriorating (for this reason 23 companies have been crossed off the list of firms participating in the program; there is talk of crossing off another 12);

—people do not have the faintest idea of what the program is all about; according to results of opinion polls, only 33 percent of citizens are thinking of buying shareholder's certificates.

According to the ministry, however, the situation is developing in accordance with the plan.

As Deputy Privatization Minister Ewa Freyberg assured the Sejm deputies yesterday, early in June the ministry will sign agreements with companies that will run the factories that take part in the PPP. The process of contributing the shares of these companies to the NFI is to begin on 19 June.

It is worth recalling that the date for starting the implementation of the PPP, passed in July 1993, has already been put off at least five times.

Deputy Maciej Manicki of the Democratic Left Alliance said yesterday that in 1995 there is no chance for the budget to receive even as much as 10 percent of the revenues that, according to plans, should come from the sale of the shareholder's certificates.

Privatization Minister Wieslaw Kaczmarek defended himself and said that it will be possible to patch the

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hole in the budget, if it appears, with money yielded by capital privatization. However, he was unable to ward off the assault of Manicki, who asked him: "How will this be possible? After all, out of the 53 capital privatization projects scheduled for 1995, only four have been carried out so far."

Finally, Kaczmarek conceded that the PPP is delayed by eight months and will get off the ground no earlier than November.

Yesterday we asked Director Marek Raczynski of Powszechna Kasa Oszczednosci SA (this bank is supposed to handle the distribution of the NFI certificates) about the date for starting the sale of the certificates. According to him, it will not be possible to start selling them as early as the summer. "November is a plausible date; however, everything may change," he said.

Jacek Jonak, deputy chairman of the Securities Commission, believes, in turn, that the bill on imposing taxes on the stock exchange, which has recently been submitted by Deputy Finance Minister Witold Modzelewski, may be another nail in the PPP's coffin. The shareholder's certificates, which will be exchanged for NFI shares, will be bought and sold at the stock exchange. "If taxes are imposed on trade in those certificates, there will be no demand for them, and we will be able to forget the entire PPP," Jonak told the Sejm committee.

Economic Role of Small-, Medium-Sized Firms

95EP0090A Warsaw NOWA EUROPA (KONIEC TYGODNIA supplement) in Polish 24 Mar 95 p III

[Article by Janusz K. Kowalski: "Ever More Small Firms. State Policy Should Be Better Geared Toward Supporting the Development of Enterprise"]

[FBIS Translated Text] *Out of all Polish companies, 92 percent employ fewer than five persons, and 6 percent employ between 5 and 50 persons. However, the extensive sector of small- and medium-size companies does not yet create a majority of jobs, as is the case in developed countries. Just over 40 percent of the total number of workers are employed in this sector.*

So-called enterprises owned by individuals are the most numerous. According to data from the Ministry of Finance, there were about 1.9 million of them as of the end of last year (5.4 percent more than at the end of 1993). Companies engaging in trade continued to dominate among them. It is also important that for a couple of years the number of enterprises owned by individuals in industry has been declining (in 1993, the number of such companies declined by almost 2,000, and in 1994—by almost 24,000). One of the reasons is that large manufacturing companies still have problems with the utilization of their assets and are not interested in small subcontractors.

Too Many Stores

Restructuring and privatization processes in our economy which were initiated in late 1989 and early 1990 have produced the most apparent results in the trade sector. At present, it is dominated by the private sector. The selection of goods has been expanded with supply and demand remaining in balance. However, despite the already great competition, small vendors are not displaying an inclination to merge companies. They try to find an adequate market niche themselves.

The number of small trade outlets keeps growing. In the last two years, almost 150,000 of them were added, of which 62,000 are shops. Meanwhile, we should expect capital to concentrate, with the attendant liquidation of many companies. As it is, the future belongs to large trade outlets. According to research by the Lever Poland company, there are 14 shops per 1,000 residents in our country whereas, for example, in Portugal there are just over four, in Greece 2.6, in Hungary two, in the Czech Republic 1.8, in Norway 1.7, in Austria and Belgium 1.4 in each, in France 1.3, and in England and Sweden 0.9 in each.

Exporters and Importers

The contribution of the private sector to the turnover of foreign trade has been growing. GUS [Central Office of Statistics] calculations suggest that its proportion in exports increased from 4.9 percent in 1990 to 21.9 percent in 1991, 38.3 percent in 1992, and 44 percent in 1993, and reached the level of 51.1 percent in 1994. The proportion of private companies in imports amounted to 14.4 percent, 49.9 percent, 54.5 percent, 59.8 percent, and 65.8 percent, respectively.

In foreign trade, the private sector consists for the most part of small units (about 100,000 of them) which, as CUP [Central Planning Administration] specialists explain, respond to signals from the market in a flexible manner, thus facilitating the dampening of price growth. Some of the goods imported by these companies become the stock of trade in unregistered reexports through the border zone.

Private enterprises focus mainly on trade in consumer goods. Their contribution to the export of such goods as products of metallurgy, fuel and energy, and products of the chemical and mineral industry is small. Exports of the products of machine building and electrical engineering and the light, foodstuffs, and pulp-and-paper industries dominate (77 percent of all private-sector exports). In turn, on the import side, private

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companies focus on the products of machine building and electrical engineering, as well as the chemical, light, and foodstuffs industries (78 percent).

Transportation Companies

The number of small transportation companies is also growing. At the end of last year, there were 85,667 of them (growth by more than 12,000 compared to 1992). They play an ever growing role. According to the CUP, small highway transportation enterprises (those with fewer than five employees) carried 205.4 million metric tons of freight, or 15 percent of all freight carried last year. However, freight carried by medium-sized and large private enterprises declined by 3.1 percent to the level of 47.2 million metric tons.

A Decline in Construction

The number of small industrial enterprises is increasing. Yet, the GUS estimates that the construction and assembly output of companies which employ fewer than five persons in 1994 was 3.1 percent smaller than in 1993, and as a proportion of total output (in current prices) it fell from 31.6 percent in 1993 to 31 percent last year. At the same time, the output of construction and assembly units with more than five employees in the public and private sectors was 1.7 percent greater last year than in 1993 and 12.8 percent greater than in 1992.

In turn, the CUP notes that as a consequence of systemic, ownership, and organizational-legal changes, an enterprise structure has emerged in construction with an overwhelming participation (94 percent) of very small units which employ two or three persons. They turn out about one-third of total construction output.

The CUP stresses that competition is very strong in the construction market, and that there is an oversupply in the area of capital construction work and the building of large specialized facilities. Competition is accompanied by corrupt practices—bribes and gratification in return for contracts, improper organization of some construction tenders, and concealment and adulteration of the volumes of production and sales for tax purposes.

No Special Concessions

At a meeting with the Polish Enterprise Council, Deputy Prime Minister Kolodko said: "Seeking protection and support for small-scale enterprises by businessmen cannot amount to appeals for patronage and protectionism at the expense of the taxpayer. The policies of any government must take into account certain peculiar features of small- and medium-sized enterprises. However, actions cannot be supported which would be designed to shift to the taxpayer, through the state budget or the fiscal and credit systems, the cost of certain inefficiency and shortcomings in small- and medium-sized enterprises."

Research by the GUS and the SGH [Main School of Commerce] indicates that their poor ability to meet current liabilities to suppliers is characteristic of our small- and medium-sized companies. Private entrepreneurs consider the environment for the establishment and development of their enterprises to be unfavorable. They view inadequate demand, the inflow of cheap, poor-quality imports (especially foodstuffs) which turn up in street sales, an excessive tax burden on production and financial performance, adverse conditions for credit extension, and changing legal provisions to be the most significant barriers to economic operations.

The position paper of the Enterprise Council which outlined the accomplishments of the All-Polish Economic Forum of Small- and Medium-Sized Enterprises reads: "The economic position of small- and medium-sized enterprises (the MSP's) has deteriorated in recent years. To date, the state has failed to create a mechanism supporting their development and promotion. At the same time, economic policies do not take into account the significance of such companies. The nature of the policies with regard to the latter is excessively fiscal." Meanwhile, in the opinion of the businessmen, creating a favorable environment for the emergence of small- and medium-sized enterprises and the stabilization of those already in existence should be one of the main economic strategy objectives. The interested parties emphasize that mainly small- and medium-sized enterprises drive economic growth and reduce the growth of unemployment. They believe that privatization policies should favor the development of small- and medium-sized enterprises to a greater degree than has been the case. Provisions are necessary which favor the sale of municipal and cooperative premises as well as land parcels to those who have used them for many years to engage in economic activities. In turn, the industrial policy of the state should be better geared toward fostering and supporting the development of local and regional enterprises. Among other ways, this could be promoted by facilitating access to credit lines earmarked for small- and medium-sized enterprises. For their part, the banks should modify the documents currently required to obtain credit and develop special simplified procedures for access to credit which take into account the peculiarities of investment projects of small- and medium-sized enterprises.

The Twilight Zone

A team of authors from the GUS Unit for Statistical and Economic Research and the PAN [Polish Academy of Sciences] estimated the contribution of the "twilight

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zone" to the GDP to be around 22 percent. The authors consider this to be a conservative estimate. The scale of this phenomenon is also shown by the fact that 29.6 percent of individuals surveyed by the Institute for Market Economy Studies (IBnGR) stated that they receive unregistered incomes. In turn, a report of the Institute for the Study of Democracy and Private Enterprise suggests that informal employment accounts on the average for 18 percent of all private company employees and occurs primarily in small companies employing fewer than five persons. It is the view of entrepreneurs polled by the institute that demand for informal employment will grow in the years to come unless the current policy of high taxes on employment is reversed.

Another survey by the IBnGR suggests that evading and understating taxes is a common occurrence. The survey shows in the process that large companies are more honest when it comes to declaring their actual proceeds (sales). Large companies have less opportunity to use some tax evasion techniques. Therefore, the so-called tax collection ratio may be expected to improve if small enterprises grow into medium-sized enterprises.

The economic twilight zone exists in all economies, including those of developed countries. It is estimated that in France, Germany, Japan, and Great Britain the twilight zone is unlikely to exceed 10 percent of the GDP. Its share in Belgium, Italy, Greece, Spain, Canada and the United States ranges between 10 and 20 percent.

[Data from Chart 1] Number of companies in 1993 broken down by their organizational and legal format: enterprises owned by individuals—87 percent, companies—13 percent. Of the total number of companies, companies under the civil law account for 88 percent, limited-liability companies for 11 percent, and others for 1 percent.

[Data from Chart 2] Number of companies in 1993 broken down by size: small companies—93 percent, medium-sized companies—6 percent, large companies—2 percent.

[Data from Chart 3] Employment by companies in 1993 broken down by company size: large companies—57 percent, medium-sized companies—12 percent, small companies—30 percent.

Enterprises Owned by Individuals

Economic Activity	1992	1993	1994
Total	1,630,629	1,783,900	1,880,506
Industry	347,192	345,257	321,697
Construction	187,815	195,874	197,521
Transportation	73,212	80,073	85,667
Trade	626,132	708,630	766,490
Of which:			
Stores	297,036	324,195	359,300
Public catering	48,865	52,411	53,990
Other material services	146,547	168,495	200,003
Of which:			
Passenger and freight taxis	89,831	85,995	81,394
Nonmaterial services	200,866	233,160	255,138

Source: Ministry of Finance

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Estimated Concealment of Proceeds, Sales, and Wages by Small and Large Private Companies

	Average Reported Proceeds (percent)	Average Reported Sales (percent)	Average Reported Wages (percent)
Small companies (sales of up to 600 million zlotys)	52.9	65.4	77
Large companies (sales greater than 4 billion zlotys)	65.7	82.6	82

Source: IBnGR calculations, based on its own survey of 102 enterprises in November 1993

Deutsche Bank Attempts To Enter Polish Market

95EP0091A Warsaw NOWA EUROPA in Polish 15 Mar 95 p 1

[Article by Przemyslaw Szubanski: "A License for Germans? Deutsche Bank Explores the Road to Poland"]

[FBIS Translated Text] "The NBP [National Bank of Poland] had been holding talks concerning the takeover of the Lower Silesian Economic Bank Inc., by Deutsche Bank [DB]. They were not successful," said Juliusz Kargol, the president of Prosper Bank Inc., last Tuesday. Nevertheless, according to Hubert Pandza, the DB's representative for contacts with Poland, "The talks with the NBP concerning Deutsche Bank's entry into our [as published] country are certain to have a positive outcome. It may be that we shall establish our own bank in Poland."

In mid-December 1994 Prosper Bank took over all the branches of the Lower Silesian Economic Bank. By year end, Prosper paid off all the obligations not exceeding ECU3,000 per customer. "The customers' claims were fully satisfied," President Kargol stated. "At present all the accounts are being serviced and we already are taking our first lending decisions." He added, "Difficult loans are being resolved."

For the time being the bank services only accounts of up to ECU3,000. The branches are still operating in the red but, in the president's opinion, within half a year the situation should get back to normal. However, the president of the NBP has ordered on 10 March the liquidation of the Lower Silesian Economic Bank. Attempts to interest a strategic investor, namely, the Deutsche Bank, have failed. The NBP attributed its decision to the strategic investor's decision to withdraw its offer to acquire the Lower Silesian Bank, due to the fact that the board of the latter bank instituted a suit objecting to the decision of the board of receivers to reduce the par value of the bank's stock by nine-tenths. To customers this is of no importance, President Kargol stressed. In his opinion, the NBP acted rightly.

H. Pandza said, "We'd like to establish, on the basis of a license from the NBP, a bank belonging to us. In entering the Polish market we want to meet as fully as possible the wishes of the NBP." The Germans are aware that this concerns investing in a bank that is experiencing problems, but they define this as "participating in the development of the Polish banking sector." Previously they had been interested in Interbank, which was ultimately taken over by the Dutch ABN AMRO. "We wish our colleagues from the Netherlands success on the Polish market," declared Pandza. In his opinion, the talks with the NBP will soon result in a solution satisfactory to both sides.

It appears that the German bank is indeed trying to meet the wishes of the NBP by taking an interest in various Polish banks. In addition to the Interbank and the Lower Silesian Economic Bank, it is not precluded that Animex, Agrobank, and even Rolbank are being considered. In the present situation the DB will probably be granted a license authorizing it to establish its own bank in Poland, but the time of the granting is unknown. Jolanta Daniewska, director of the NBP's Bank Licensing Department, does not preclude the possibility that a foreign bank will be granted a license in the first half of 1995, but she cannot yet identify that bank.

[Box, p 1]

First established 125 years ago, Deutsche Bank is at present the biggest German commercial bank. It views Poland as one of the most important trade partners. For the present it maintains a small office in Poland. It is the only one of the three big German banks to be as yet not operating in Poland; Commerzbank has bought 21 percent of stock in the Export Development Bank, S.A., and Dresdner Bank has, jointly with Banque Nationale de Paris, obtained a license for a joint venture.

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Polish-Czech Trade Fair Scheduled in Katowice

95EP0093B Warsaw NOWA EUROPA in Polish 29 Mar 95 p 3

[Article by J.S.: "The First Silesia Fair"]

[FBIS Translated Text] The first Polish-Czech Trade Fair, called Silesia, will be held between 8 and 11 June 1995 in Katowice.

The fair will be jointly organized by Katowice International Fairs and Brno Expositions. Both sponsors intend to display the products, accessories, and trading services offered by small- and medium-sized companies interested in cross-border trade.

In the opinion of Jan Hoppe, the chairman of Katowice International Fairs, at least 40 companies in the region are interested. Production potential and expectations will be presented at the fair by representatives of, among other places, such cities as Katowice, Tarnowskie Gory, Bytom, Ruda Slaska, and Sosnowiec.

The Czech side also is interested in the fair. Milan Peprnik, the consul of the Czech Republic in Katowice, declared at a press conference that Czech tourist agencies, which are definitely more competitive than their Polish counterparts, will attract the greatest interest.

Katowice fairs first began to be organized on 1 April 1993. Their exhibition area, which adjoins the Park of Culture and Rest, occupies 24 hectares, on which are sited 13 pavilions measuring altogether 8,000 square meters, along with exhibition areas comprising 9,000 square meters. The site also includes nine conference rooms, a parking lot for 700 vehicles, and food establishments.

Each year 25 expositions are organized in Katowice, Poland's largest exposition center next to Poznan.

The next Polish-Czech trade fair will be held next year, this time in the Czech Republic, in Ostrava.

Russian Money-Laundering in Poland Increases

95EP0096B Warsaw GAZETA POLSKA in Polish 13 Apr 95 No 13, p 3

[Article by FSS: "Polish Laundry for Russian Dollars"]

[FBIS Translated Text] Polish-Russian trade is growing, but the causes of that growth are no cause for rejoicing.

On the uncertain post-Soviet markets many contracts to this day are being implemented at the risk of losing one's life as transactions are performed by transferring cash "from one hand to another." But for the last two years, transactions by check (chiefly in dollars and marks) have become fashionable, and their volume is soaring. This also concerns the activities of banks and former USSR citizens on Polish territory.

As recently as two years ago, the Moscow, Petersburg, Odessa, and all other mafias from the east laundered their money in Polish banks without problems and conventionally. But now there is a new law under which in the case of any cash deposits exceeding 200 million old zlotys the bank is required to record personal information on the depositor.

Now, however, that transactions are performed by means of checks issued by holders of foreign-exchange accounts in Polish banks, the owners of what is rather dirty money can bypass that obstacle. It suffices to obtain the cooperation of some Russian or other eastern bank (and the ties between these banks and the mafia and the secret services are not just word-of-mouth but bandied about by knowledgeable Moscow journalists).

In 1994 Russia advanced to the third place among Poland's trade partners, and official trade with the countries of the former USSR amounted to $3.7 billion. But this growth took place largely owing not to real trade in goods and services but to the cooperation established between Polish and eastern banks.

It is characteristic that this cooperation is lopsided. Polish banks are opening branches on the other side of the Bug River boundary (at a much faster rate than do eastern banks in Poland), but they are not eager to invest their capital in Russia.

Servicing the foreign-exchange accounts opened in Poland by eastern banks is becoming a major aspect of the operations of certain Polish banks.

For example, transactions between the Kredyt Bank and its partners on the other side of the Bug increased eightfold in the last year and reached $161 million, or 17 percent of the volume of that bank's transactions. Currently, the Kredyt Bank handles dollar and mark accounts for 37 eastern banks.

The Bank for Export Development handles 21 such accounts, and the Deposit and Credit Bank in Lublin, 16. The latter bank's transactions with the east doubled in volume during 1994 and account for 12 percent of the volume of its foreign clearings.

Both [former Prime Minister] W. Pawlak and [Prime Minister] J. Oleksy mentioned intensifying economic cooperation with Russia and other countries formed following the disintegration of the USSR. This goal has been achieved; everything jibes in the statistics.

Except that Poland is viewed nowadays as one of the major laundries of illegal money from Russia.

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Decreased Birthrate Noted in Demographic Report

95EP0093A Warsaw TRYBUNA in Polish 6 Apr 95 p 3

[Article by Oliwia Malecka: "Report: Poland's Demographic Situation. Too Few of Us"]

[FBIS Translated Text] In 1993, for the first time since World War II, the number of marriages in Poland was lower than that of their dissolutions. For while the number of divorces has been declining—in 1994 they totaled about 30,000—the principal cause of the cessation of marital status has been high mortality, especially that of males, higher than in the 1960's and 1970's. In 1994 there were 386,000 deaths in Poland, mostly owing to circulatory diseases, cancer, trauma, and poisoning. The list of voivodships with the highest death rates is headed by the Lodz and Walbrzych ones. The number of deaths due to road accidents also has been rising; last year alone it reached 7,000.

"The percentage of youth marriages due to pregnancy and concluded with the consent of courts is steadily rising," we read in the report "Poland's Demographic Situation," which the Population Commission presented to Committees of the Council of Ministers. The structure of births also is changing; there is a growing number of both juvenile mothers and women giving birth after 30. This is a major peril to the health of mothers and their children. For in these age groups the proportion of congenital defects, premature births, and low-weight neonates is higher.

"During her reproductive age (14-49 years) the average Polish woman gives birth to 1.8 children. This level of birth rate does not assure simple replacement of generations, which requires a birth rate of 2 15 children per female," claimed Maria Lubera, deputy minister of the Central Planning Office.

The baby boomers of the 1970's are now reaching their able-bodied age and at the same time the peak of their fertility. The Population Commission has warned that this is a major challenge to the Polish social and economic policy. Places for more students should be provided in supraelementary and higher schools. The 20-29 years old "baby-boomer" Poles are of the age at which most marriages are concluded, and this is spurring the nation's housing demand. We have a high unemployment rate, and by the year 2005 our labor force will be greater by 2.1 million. New jobs have to be created and old ones preserved.

Poland's increase in the number of persons of able-bodied age is the highest in Europe. By the year 2005 the number of such persons in Europe will increase by 5.1 million, of whom about 41 percent will be Poles.

Altogether, in the years 1995-2010 9.8 million persons will reach able-bodied age. The closer to the year 2010 the more extensive will be the aging of the working part of the population and the number of pensioners is likely to increase, the demographers claim.

Demographic forecasts do not inspire optimism. By the year 2030 the number of persons of post-able-bodied age will probably double, and the number of those of ablebodied age decrease. Those born in the 1990's will begin to work and those born in the 1950's and baby-boom 1970's will retire.

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Vacaroiu, Zieleniec on Regional Cooperation

AU2505192995 Bucharest Radio Romania Network in Romanian 1700 GMT 25 May 95

[FBIS Translated Text] Enhancing bilateral relations in the area of foreign policy is an important contribution made to the improvement of regional security and stability, stated Prime Minister Nicolae Vacaroiu when he received Czech Foreign Minister Josef Zieleniec this afternoon.

In turn, the guest said that it is necessary to continuously strengthen political cooperation, especially within the Stability Pact in Europe and, in the future, within the Central European initiative. Czechia supports Romania's association to this body, said Prague's top diplomat.

Melescanu, Zieleniec Discuss Relations, Integration

AU2605070995 Bucharest Radio Romania Network in Romanian 1900 GMT 25 May 95

[FBIS Translated Text] Teodor Melescanu, minister of state and minister of foreign affairs of Romania, held a first round of talks with his Czech counterpart Josef Zieleniec this afternoon. During the talks, the two ministers emphasized the traditional relations between Romania and Czechia and expressed their hope that these relations will continue to intensify as a result of the joint interest in integration into the European and Euro-Atlantic structures, in the expansion of NATO, and in ensuring stability and security in this region.

Likewise, the two sides examined the possibility of resuming the flow of tourism, the possibility of direct investments from the Czech Republic in Romanian tourism, and ways of ensuring the free circulation of persons.

Mr. Zieleniec expressed satisfaction with the way in which the Czech minority is being treated in Romania and mentioned that during the meeting that he held today with Prime Minister Nicolae Vacaroiu he extended to Mr. Vacaroiu an invitation to participate in the meeting of the prime ministers of countries that belong to the Central European free-economic zone, a meeting that is going to take place this year in Brno.

Melescanu expressed interest in the decision of the Czech Government to participate in the development of infrastructure in the area inhabited by the Czech minority, noting that the Romanian side will, in turn, examine ways to also get involved in this project.

The two foreign ministers also examined ways to enhance cooperation within regional and subregional organizations and exchanged views on the relations of the two countries with the EU and the situation in the former Soviet Union.

Our correspondent Iulia Gherman has informed us that Melescanu said that during a second round of talks scheduled for tomorrow, they will discuss a number of international issues of common interest.

Head of Privatization Body Arrested for Corruption

AU2505151995 Paris AFP in English 1237 GMT 25 May 95

[FBIS Transcribed Text] Bucarest, May 25 (AFP)—The head of Romania's state body in charge of privatisations has been arrested for corruption, police said Thursday [25 May].

Mihai Iordache, 53, was arrested on Tuesday. Director of one of the five institutions in charge of coordinating privatisations at a national level, he has been accused of taking at least 70 million lei (about $35,000) to "assist" the sell-off of several state enterprises.

A total of 800 mostly small or medium-sized firms have been sold off since privatisation started in 1991.

On Wednesday, Romania's parliament passed a law on mass privatisation which provides for selling off some 3,000 companies out of a total of 6,500.

International organisations such as the International Monetary Fund (IMF) and the World Bank have strongly urged Romania to speed up privatisation.

Government Debates Ratification of CE Norms

AU2505200695 Bucharest Radio Romania Network in Romanian 1300 GMT 25 May 95

[FBIS Translated Text] The Romanian Government held a special meeting at Victoria Palace in Bucharest today. The meeting was devoted to the harmonization of domestic legislation with the legislation established in the Council of Europe [CE], to which Romania also belongs.

Before the beginning of discussions on the points on the agenda of the meeting, Prime Minister Nicolae Vacaroiu informed the executive about the meeting that was held at Cotroceni Palace, in the presence of President Ion Iliescu, with the leaders of some trade union confederations—noting that the discussions were positive and useful. Vacaroiu mentioned that the dialogue with the trade unions will continue, but that some of those unions have adopted an unjustified position, bringing back into discussion issues that have already been solved.

Moreover, Nicolae Vacaroiu referred to the conclusions drawn from the visits made to certain southern parts of

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Romania, which have been affected by heavy rainfall in the past few days. The floods caused significant damage to about 500 farms, destroyed roads and bridges, and devastated about 1,400 hectares of farmland. Operations have been undertaken to eliminate the effects of the calamity—that is, road and bridge repair work has begun today. The prime minister advised that an inventory on the extent of damage should be made urgently with a view to taking appropriate measures to assist people in those areas with construction materials, equipment, clothes, food, and with resowing fields where this is called for.

Proceeding to the first point on the agenda, the meeting examined and endorsed the bill to ratify the European charter on local autonomy, signed by Romanian in October of 1994.

Teodor Melescanu, state minister and minister of foreign affairs, presented the document and said that this was one of the most important judicial instruments of the CE, whose goal is to protect and strengthen local autonomy and improve local public administration in all member countries, as an important element of building a Europe based on the principles of democracy and decentralization.

Melescanu also noted that, basically, the European document includes principles that can be found in Romanian legislation, and some of them have been similarly formulated in our Constitution. He also mentioned that the norms that Romania pledged to respect correspond to the level of development of local autonomy in our country.

In addition, Octav Cosmanca, the head of the Department for Local Public Administration, submitted to the government a number of proposed amendments to the Law on Local Public Administration with a view to correlating the regulations in this area with, on the one hand, the Constitution that was adopted at a later stage, and, on the other hand, the European provisions. Other modifications have been imposed by the experience accumulated in the period of about two years during which the law has been in force. The amendments are aimed at clarifying certain provisions referring to the legal nature of the local administration's activity, to the way in which local bodies should be set up, to the responsibilities and duties of the decisionmaking factors at local level, etc.

The proposals that have been discussed today, in principle will be reexamined together with the remarks that the parties included in the government arch will make, and will become the subject of a legal norm that is going to be adopted next week.

Another draft law promoted during the meeting is aimed at modification of the law on the judicial organization, by making clear the role of the minister of justice and of the Supreme Council of Magistracy in ensuring respect for the independence of the judicial body, as a public service in the interest of citizens.

Furthermore, the government approved the signing of some important judicial instruments of the CE, among them the European charter on regional languages or languages of minorities, which promotes the idea of diversity and the intermingling of European cultures.

To get the ratification process started, Romania will also sign four European conventions on penal issues, for whose application fewer modifications of domestic legislation are necessary. These are as follows: a convention on extradition, the transfer of convicted people, legal assistance in penal cases, and a convention on curbing terrorism.

The participants at the meeting also decided to sign some conventions of the CE in the area of education, health, culture, environment, agriculture, and police. During today's meeting, Education Minister Liviu Maior asked for approval to sign four conventions and one additional protocol referring to the validation of diplomas that permit admission to university institutions, the validation of the length of university studies, and the academic recognition of university titles.

The prime minister advised that by next Wednesday's meeting, ministries should have finalized the necessary documents so as to be able to sign other sectorial conventions as well. He noted that the entire package of draft legal norms regarding the correlation of domestic legislation with the legal provisions of the CE will be submitted to Parliament urgently.

During the meeting, a decision was made to establish in the Ministry of Justice a governmental agent post, who will represent Romania at the European Commission and at European Human Rights Court. Therefore, 10 positions have been added to the ministry's staff.

At the end of the meeting, the government was briefed on the issue of having our country's permanent mission in Strasbourg staffed with adequate personnel and equipment and on possibilities of having Romanian experts occupy positions at the Secretariat of the CE. In this context, the foreign minister announced that Sabin Pop, general director at the Foreign Ministry, was confirmed in office as Romania's ambassador to this European body, reads the communique that we have received from a Romanian Government spokesman.

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Goncz Sends Message to HDUR Forum

LD2605121695 Budapest Kossuth Radio Network in Hungarian 1000 GMT 26 May 95

[FBIS Translated Excerpt] In Cluj-Napoca, the fourth congress of the Hungarian Democratic Union of Romania [HDUR; in Romanian: UDMR, Democratic Uniion of Hungarians in Romania] has begun. Our special correspondent Peter Marvanyi reports.

[Marvanyi] The speeches in the morning pinpointed the problems inside and around the HDUR. In a letter to the congress, Romanian President Ion Iliescu asked the delegates to be moderate and realistic, and not to accept unattainable and what he called unconstitutional demands. However, in his message, Hungarian President Arpad Goncz praised the organization's sober and responsible politics.

Honorary Chairman Laszlo Tokes sharply criticized HDUR members who have turned against the union's autonomy endeavors. He also referred to authoritative politicians of the Hungarian Government who are making remarks damaging to the self-determination program.

Speaking on behalf of Hungarian Prime Minister Gyula Horn, Political State Secretary Csaba Tabajdi said that in spite of whatever anyone is saying, the Hungarians of Romania can clearly count on the Hungarian Government to help with achieving their rightful demands and preserving their identity.

According to Sandor Csoori, chairman of the World Federation of Hungarians, autonomy is a question of (? originality). If a nation loses this it will never create a culture. Thus autonomy is vital.

Horia Rus, chairman of the Liberal Party '93, territorial autonomy is in the whole country's interest. Therefore, the parties that really want Romania to join Europe have to work out a joint strategy. [passage omitted]

Arkan's 'Guard' Runs Gas-Smuggling Ring

95BA0252A Bucharest EVENIMENTUL ZILEI in Romanian 12 May 95 p 3

[Article by Cristian Muntean and Iota Dolici: "The Dreaded Ultranationalist Serb Jeljko Rajnatovici, Nicknamed 'Arkan,' Aligned with President Slobodan Milosevici, Has Become Boss of Gas Smuggling on the Danubian Clisura"]

[FBIS Translated Text]

- Members of the paramilitary organization, "The Serb Volunteers Guard," commanded by Arkan have instilled the fear of death into Romanian gasoline smugglers.
- Thus, today, as there is no sense in risking one's life for 60-70 pfennigs, the smugglers intend to halt gasoline trafficking and thus cause a fuel crisis on the Serbian market.
- At the same time, they have decided to negotiate their grievances with the Romanian and Serbian border guards.

Smugglers of Moldova Noua, believing that the dangers they are facing are becoming ever greater, have, for the first time since the imposition of the embargo on Yugoslavia, made a shocking decision: an open-ended freeze on gasoline trafficking across the Danube. In two meetings that took place at the Moldova Noua cultural center, approximately 100 persons, representatives of the smugglers from the town, drew up a list of demands to be presented, unofficially, to the border guards.

In the Past Two Weeks Alone, Four Smugglers Have Been Killed

Frightened by the fact that in the past two weeks, the bodies of four of their comrades have been fished from the Danube, the smugglers of Moldova Noua have decided—after two meetings that took place Wednesday at 3:05 and Sunday at 7:05 at the town's cultural center—on an open-ended cessation of gas smuggling.

In a scene of total pandemonium, approximately 100 persons came to the conclusion that their lives are in danger because of the increasingly aggressive intervention of the border guards. "Instead of going after the outsiders who have come to enrich themselves on the black market, the soldiers are coming after us who live here with them," the smugglers complain. Pursued by border guards, there have many occasions when smugglers' boats have collided at full speed on the Danube. Sretko Stancovici, 31 years old, lost his life last week when he was struck head-on by a boat that was returning from the Serbian side with the motor at full throttle in fear of the border guards.

However, most frightening of all for the smugglers has been the pirating that is taking place close to the Serbian bank of the Danube. For several weeks, boats equipped with fast motors have begun to infest the river, stopping the Romanian boats and emptying their supplies of gasoline at gunpoint. Those who resist are beaten and thrown into the Danube. The body of 18-year-old Marius David was pulled from the water, his skull split with an oar. His 17-year-old friend, Alin Baciu, who disappeared around Easter, has yet to be found. Terrorized, the smugglers believe that this is the

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work of the paramilitary group of the dreaded Jeljko Rajnatovici, also known as Arkan.

In the Clisura Region of the Danube, People Whisper When Talking About the Dreaded Arkan

In the political landscape of today's Yugoslavia, Jeljko Rajnatovici, Arkan, stands out as a modern day bandit. A former deputy in parliament in Belgrade and a supporter of President Slobodan Milosevici, Arkan withdrew from politics to take up arms. At his villa in Belgrade, he put together a paramilitary force named "The Serb Volunteers Guard," and he appointed himself commandant. The guard was not very selective about who it accepted: anyone who wanted to take up arms for Serbia. Looked upon with a sympathetic eye by Slobodan Milosevici, Arkan was tolerated by the Belgrade government, even if, officially, his actions were not encouraged.

After covering themselves with glory in the fighting in Bosnia, Arkan's troops returned to the Belgrade area. In Moldova Noua, as everywhere else in the Danubian Clisura region [between Turnu Severin and Pescari], when people speak of Arkan it is in whispers, and the fear is obvious. The smugglers are convinced that Arkan's men are in the boats that steal the gasoline near the Yugoslav shore. Armed with automatic pistols, these characters do not indulge in small talk, and any resistance can cost the foolhardy their lives. The intention of the Romanian smugglers to appeal to the Serbian border guards for protection against the actions of these pirates is rather a solution in fantasy, as the Serbian military have their own moods and whims. Additionally, what is most confusing for the smugglers is the insulting attitude the Serbian guards show towards those unlucky enough to be caught. "They treat us like so much garbage, as though we were the lowest of life forms, instead of being pleased that we are helping them by bringing gasoline," some of the smugglers have told us angrily.

Because the Price of Gasoline Has Fallen Sharply, Smuggling Is No Longer Profitable

Another motive for the smugglers' unhappiness is the fact that the price of gasoline for the Serbs has fallen sharply. From 1.5 to 1.7 German Marks [DM] per liter, the price now has dropped to DM0.6 to 0.7 per liter, a totally unsatisfactory price. "We get gasoline for 650 lei per liter, plus commission, for a total of about 700 lei per liter," the smugglers told us, "At this price, there is no use risking your life." Under good conditions, a hardworking smuggler can put about a ton of fuel in his boat. Such a boat, loaded to the gunwales, is literally a floating bomb. Loaded boats are a hazard for the border guards as well, and they approach them with great caution. It is not infrequent for a smuggler to splash a border control boat with gasoline and threaten to blow it up. Fully loaded, the net income is approximately DM1000 at a price of DM1.6 to DM1.7 per liter. When business was that good, men came from all over the country to the Danubian Clisura region, eager for money. Overnight, the locals discovered that they had a workforce for the black market, ready to do the hard labor—from unloading the tanks and filling the barrels and bringing the gasoline to the banks of the Danube, to filling the boats with the canisters, preparing them for launch.

Will This Form the Basis for a Smugglers Union?

The fall in prices and the actions of pirates has imperiled a real industry born on the banks of the Danube. It is the intention of the smugglers to, by stopping the traffic, force a gasoline crisis on the Yugoslav side. This is a goal that will be difficult to achieve, because in the rest of the Danubian Clisura, there is pressure to continue the trafficking, from those who have come to the region to enrich themselves. As a result of the two meetings that were held right across from the police station in Moldova Noua, the smugglers selected a delegation to make unofficial contact with the Romanian and Serbian border guards. Some smugglers, much more skeptical and who left the meeting before it ended, told us that "unionizing" the smugglers was insane, and that they will continue doing as they have been doing. "You have to play to win," they muttered, shaking their heads.

Details of 1995 Military Budget

95BA0227A Bucharest OBSERVATORUL MILITAR in Romanian 29 Mar 95 pp 1, 3

[Interview with Colonel Vasile Corhaneanu, head of the Financial Directorate in the Ministry of Defense, by Colonel Petre Bana; place and date not given: "The Military Budget in Detail"]

[FBIS Translated Text] [Bana] Colonel, well at least the state budget law was adopted and promulgated earlier than last year. As you know, immediately after the vote for the defense budget, we published the speech to Parliament by Minister Gheorghe Tinca, as well as an editorial column. Given the position you hold, what can you tell us about the funds allocated to the army, both as regards the amount and structurally?

[Corhaneanu] Happily for orderly Army operations, this year the budget was approved a quarter earlier than was the budget for 1994. All together, the 1995 Ministry of Defense budget is 2,062 billion lei, which represents 92.6 percent of the minimum necessary.

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Structurally, the budget is divided as follows: defense—1,772.7 billion lei, or about 93.8 percent of the necessary minimum. This sum covers personnel expenses totally, abd covers 97.2 percent of expenses for material and services and 81.8 percent of capital investments. Training receives 13.4 billion lei; health, 65.6 billion lei; culture and the arts, 0.9 billion lei; payments and other assistance to children, 0.2 billion lei; pensions, assistance and incentives, 68.8 billion lei; and sports and youth activities, 2 billion lei.

[Bana] Aren't these last figures somewhat small, especially those less than 1 billion lei?

[Corhaneanu] As they stand, we believe that these amounts will allow for the proper execution of the activities mentioned—with the exception of the funds allocated for health, which will not allow for the proper supply of medicines and health products, nor will they cover certain repairs to some of the military hospitals in the Ministry of National Defense system.

I would draw attention to the amount of funds for quartering and housing, which amounts to 55 billion lei destined for base housing. The amount for scientific research is 18.5 billion lei, which represents 9.3 percent of the sum necessary. This will cover only topics of major importance, or those underway from money in earlier years. Also in the budget—appearing in Article 12, Paragraph 2—the Parliament approved 13 billion lei for the participation of the Romanian Army in the "Partnership for Peace," and for peacekeeping operations.

[Bana] Does the budget represent a real increase compared to previous years? [Corhaneanu] Let us convert the figures to dollars. Note that in 1993, the budget equaled $364 million; in 1994, $709 million, and in 1995, $779.2 million. As a percentage of the GNP, defense spending accounted for 2.12 percent in 1993, 2.39 percent in 1994 and 2.52 percent in 1995.

[Bana] Some people have expressed the opinion that compared to other countries poor like ourselves, and to our immediate or close neighbors, the sums allocated are much smaller.

[Corhaneanu] We do not agree. The reality is that for these countries, you can prove with data—both for absolute sums and percentages—that for defense expenditures, Romania falls within the norms of the other East European countries.

[Bana] Colonel, the budget was not approved until after we were a quarter into the new year. Last year we were two quarters into the year and still the budget had not been passed. What difficulties and repercussions do these delays have on the Army, since most countries do enter the new year with their budget figures already set?

[Corhaneanu] Because the budget was not approved until 31 December 1994 for the first quarter of 1995, the Ministry of National Defense was authorized to use funds amounting to 8.3 percent of the 1994 allocations. This resulted from a Ministry of Finance directive that set expenditures for a quarter at 11.6 percent of the total budget and 15 percent for defense. Obviously this created problems, especially when it came to licensing, placing orders, and signing contracts with suppliers to ensure that we properly met our requirements for training as well as purchasing, maintaining, and repairing our equipment.

There are other problems, however. According to Article 24 of the Budget Law, when there is a deficit in the national budget, 20 percent of the funds allocated to the Ministry of National Defense are blocked. That amounts to 250.3 billion lei, of which 216.8 billion lei are for defense. These funds can be used only after they have been unblocked—beginning in the second quarter for certain priority investments and in the third quarter for other budgetary allocations—through approval of the prime minister—in proportion to the amount of revenues coming into the national budget and on the basis of justified requests from the Ministry of Defense in consultation with the Ministry of Finance.

[Bana] Obviously the funding is insufficient for all the major commands, in all areas. There are some however that are of primary importance. I am referring to aviation and to other arms. Could you speak to some of these aspects, to indicate certain essentials that are taken into consideration?

[Corhaneanu] Let's not forget that some areas are covered 100 percent. This is true regardless of what happens to the leu. If personnel expenses require 701.2 billion lei to cover pay, material expenses, and services, the allocation of 620.9 billion lei will ensure normal living conditions for the troops, where priority will be given to food, maintenance and housing.

As far as combat training is concerned—which is our fundamental mission—the funds allocated will ensure training and skill maintenance for certain specialized personnel (pilots, parachutists, mechanics, drivers and so on). Compared to 1994, we have more funds to provide fuel and jet fuel so that our pilots can receive 45-50 hours of air time and to provide the necessities for other activities directly tied to military training. Priority attention is also being paid to the allocation of funds for maintenance and immediate repair of armaments, and to ensure equipment for all categories of troops. Capital expenditures of 450 billion lei, although short of

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what is needed, were allocated for certain priority items in the plan for equipment approved by the Supreme Council for the Defense of the Country. When the sums that you have to work with are modest, it is absolutely necessary for you to know in detail what you want to accomplish with them—down to the last penny, as they say—and to eliminate any waste whatsoever. You concentrate on that which constitutes the very top of the priorities, with an evaluation of its impact. As a result, we are looking to revitalize certain categories of arms—aviation for example—to sustain the training program, and to improve the living conditions of the troops.

[Bana] At a press conference, someone used the term expenditures for destruction. Shocking or not, the observation has validity. We are spending money to turn away from the armaments required by the international treaties to which our country was a signatory. What can you tell us about the expenditures connected with restructuring the Army?

[Corhaneanu] The 1995 budget plans for this. Based on studies by the Planning Directorate of the General Staff, the budget includes the funds necessary for the optimal transition to a restructuring of the Army. I must point out that inherent in this well-known activity for the Army is an expenditure of funds much larger than in past years. But when you are poor, you spend your money carefully.

[Bana] This year, as in 1992 and 1994, Parliament has given the Army authority to make use of the funds it earns from certain sales and services. What amounts of money are raised in this manner and what can you do with them?

[Corhaneanu] During the discussions of the draft budget in the defense committees of the Chamber of Deputies and the Senate, the proposal was advanced that the income in lei or hard currency that comes to the Ministry of National Defense as the result of sales both at home and abroad of goods within its inventory, or from services rendered, could be retained in full for financing material and capital expenses. When the report was advanced to the full sessions, both the Ministry of Finance and Parliament's budgetary and finance commissions overlooked this provision. Nonetheless, after the intercession of the minister of national defense and several parliamentarians, Article 15 was adopted, which stipulated that these sums could be retained and used only to finance capital expenditures (for equipment). In 1992, 6.2 billion lei was raised in this way; and in 1994, 10.7 billion lei. It is true that these sums are not very large, but they are something. In past years these sums have been available for material expenditures, but this year they can be used only for capital needs. We will buy some equipment.

[Bana] Recalling the budget situation in 1994, what measures do you have in mind for this year, to ensure an orderly expenditure of funds?

[Corhaneanu] On 31 December 1994, 99 percent of the budget had been spent. In order to achieve this figure, primarily at the end of the year, and especially in December, there was very careful scrutiny by the chief accountants of the primary recipients of funding (the General Staff of the Ground Forces, of the Air Force and Antiaircraft Defense, of the Logistics Command, and of the Directorate of Construction and Military Properties). They maintained an ongoing analysis of the status of each contract and they would move funds when necessary, depending on the needs of the chief accountants. We reported daily to the minister on the status of the execution of the budget by the chief accountants for the credits.

In 1995, the Financial Directorate together with the Planning Directorate of the General Staff will make this review even more rigorous, presenting the results to the Army Corps to convince us of the true soundness and justification of the requests for expenditures. As a result of the conclusions reached, proposals will be made and carried out expeditiously for the orderly execution of the defense budget, in order to make efficient use of the funds, and to avoid any funds' not being executed. Periodically, together with the Planning Directorate, there will be an analysis of the status of the execution of the budget—the reasons for any unspent funds—and measures will be taken to expend—efficiently—and to redistribute, the funds based on the priorities at that time, especially for combat training. Maximum consideration for the public welfare and a rigorous financial discipline are, more than obligations, duties.

Communique on Meeting of Defense Council

95BA0239B Bucharest OBSERVATORUL MILITARA in Romanian 12 Apr 95 pp 1, 3

[Communique on 4 April Meeting of The Supreme Council for Defense of the Country]

[Text] On 4 April 1995, the Supreme Council for the Defense of the Country met under the chairmanship of Mr. Ion Iliescu. The Council listened to a presentation by the Minister of Transportation and the Minister of Interior regarding the work of the special commission to investigate the air disaster that occurred on 31 March. That crash resulted in loss of life and the destruction of a TAROM aircraft. The Council was informed about the diversionary activities of certain irresponsible persons

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who put out alarms that, upon investigation, turned out to be false, as well as about possible terrorist acts against certain institutions and personalities. The Defense Council recommended that the government continue its investigations with a view to uncovering the causes of the disaster and to establishing supplementary measures to be put into effect immediately to ensure proper controls at airports and the safety of aircraft. Along with the implementation of the above measures, the Council appealed to the citizenry for assistance to, and cooperation with, State security organs, to identify the persons involved in these actions of destabilizing and disturbing society.

In connection with these events, the Defense Council reviewed a draft law aimed at preventing and combatting acts of terrorism that was prepared by the Ministry of Interior. This draft law will be presented to the government and sent to the Romanian Parliament for approval on an urgent basis.

At this session, the Council reviewed the results of Romania's participation in the activities of the Council for North Atlantic Cooperation and the "Partnership for Peace" program. It established the objectives for Romanian relations with NATO in 1995. The Council stated its opinion that our country fulfilled its obligations for the activities agreed upon for 1994, noting, in this arena, that Romania is an active partner in the ranks of Central and East European countries. The Council also underscored that the participation of troops in joint activities of the "Partnership for Peace" allowed a useful exchange of experiences in the training and equipping of such troops, aiming toward the goal of fulfilling the missions they will be given in the future, according to the obligations Romania has accepted. In this context, the Council reaffirmed Romania's readiness to join NATO, given that there is no discriminatory treatment that could lead to regional instability in the area of security.

Along these lines, the Council recommended that a medium-term program be established to equip the Army with weaponry and logistical materiel, both through acquisitions and joint production with other countries. This program would look to ensuring an increase in the level of interoperability between the military structures of the Romanian Army and the armies of the member states of the North Atlantic Alliance. The council decided that the forces that Romania would employ to meet its obligations for peacekeeping, search and rescue, and humanitarian activities within the framework of the "Partnership for Peace" should be established annually, in agreement with the leadership of NATO and in respect of its own legislation.

The Supreme Council for the Defense of the Country analyzed the results of the bilateral Romanian-U.S. working group meeting held in Bucharest on 2 and 3 February, 1995. It agreed to the proposals for developing a study with American assistance on the management of defense resources and the Initiative for the Management of Regional Airspace. Debating the "Report of the Ministries of Foreign Affairs and National Defense Regarding the Participation of Romania in Peacekeeping Missions Under the Auspices of the United Nations, the Western European Union [WEU], and the Organization for European Security and Cooperation," the Council noted that, through its participation in U.N. actions in the Persian Gulf and Somalia, as well as in those of the WEU in monitoring the embargo on the Danube in the context of the military conflict in the former Yugoslavia, Romania has proven itself an active factor in maintaining peace. Along these lines, the Council recommended to the foreign and defense ministries that they specify the organizational activities necessary for Romania to contribute a mechanized battalion and a field hospital for peacekeeping actions in Angola at the request of the United Nations and with the approval of the Romanian Parliament.

During the debate on the "Report of the Ministry of National Defense on the Program for Equipping the Romanian Army in 1995," the Defense Council noted that the provisions in the report are in keeping with the directive approved earlier. It noted that these provisions respect the established priorities for equipping the different categories of troops, with some quantitative exceptions resulting from insufficient funding. The Council examined and approved the proposals in the "Report of the Romanian Government Concerning the Strategy of the National Economy and of the Country in the Event of the Need To Move From a Peacetime to a Wartime Footing," based on the true capabilities of the national economy. The Council recommended that the measures concerning the preparation of the economy and the territory for defense, and the acquisition of material reserves to satisfy the needs of the national defense system in the event of mobilization, be brought into line with the provisions of the law regarding the preparation of the national economy and the territory for defense, after the law's approval by the Romanian Parliament.

The Council stated that in 1994, the training of reservists was carried out properly, and that there were no refusals to appear for the training or other military gatherings, despite the fact that there were difficulties with fluctuations in the numbers of reservists as they moved about looking for employment, and some misunderstandings by certain State and private economic agents regard-

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ing their obligations in the area of national defense. In conformity with the authority granted it by the law for the national security of Romania, the Council approved operational expenses expended in 1994 by the State institutions with missions in the area of national security, as well as the 1995 spending limits and the purposes of operational expenditures for these organizations.

In this session, the Council completed its work on the report regarding the activities carried out by the Supreme Council for the Defense of the Country in 1994. The report will be presented to the Romanian Parliament in keeping with the provisions of the constitution.

In conclusion, the Supreme Council for the Defense of the Country examined and resolved other issues regarding defense and national security, according to its powers established by law.

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Drnovsek on 'Reasonable' Italian Government

95BA0244B Maribor VECER in Slovene 25 Apr 95 p 2

[Article by Stane Pucko: "Will Enough Time Be Left?"]

[FBIS Translated Excerpt] "We will accept any democratically elected government, and we hope that it will be the kind with which we can talk, that we will be able to continue the process of our inclusion in the EU, and that there will not be any more obstructions. The current Italian Government is a quite reasonable partner, and we hope that enough time will be left to complete with it the current processes for our inclusion in the EU. We also hope that the new Italian Government will not have a different policy, and that it will remain at the level customary for a European dialogue," Prime Minister Dr. Janez Drnovsek stated yesterday in Ljubljana at a regular news conference. [passage omitted]

When he was answering reporters' questions, the prime minister said that he was not aware of any internal disputes in his Liberal Democratic Party, and that there were "constructively focused different opinions" that are not causing crises. Dr. Drnovsek rejected the claims by Janez Jansa that he stopped the Maribor arms trial, that he "blessed" the current indictments over the Brnika weapons, and so forth, as a complete fabrication, and in regard to the announcements that the patriarch of the Serbian Orthodox Church might visit Slovenia, he explained that the government had not yet adopted a position regarding this, but that it did not oppose visits by the most prominent representatives of different churches. Of course, Slovenia did not want any political demonstrations in connection with this that could threaten the country's internal security, and likewise it did not want the Yugoslav conflicts to be transferred to its territory. "The other side will probably also think about the appropriateness of the visit," Dr. Drnovsek said. [passage omitted]

Document on Economic Development Strategy

95BA0244C Maribor VECER in Slovene 28 Apr 95 p 6

[Article by Ksenija Gerovac: "First Among States in Transition"]

[FBIS Translated Text] *After almost two years of preparation, the document on the strategy for the economic development of Slovenia has been prepared for parliamentary discussion.*

Slovenia is the first state in transition that already has a document on the strategy for the state's economic development. This was stated at a news conference on Wednesday by Dr. Janko Dezelak, minister of economic relations and development, and the document's coauthors, Dr. Janez Potocnik, Dr. Marjan Senjur, and Dr. Franjo Stiblar.

The strategy for Slovenia's economic development has been in preparation since mid-1993, when the government adopted a decision that Slovenia had to have such an overall document at the level of the national economy. More than 60 domestic and several foreign experts, after repeated coordination, and when they achieved at least minimal professional coordination, submitted the document to the Slovene Government at the end of last year, and after several months of coordination with the appropriate ministries, the strategy for Slovenia's economic development was approved last week by the Slovene Government.

According to Dr. Janko Dezelak, the document defines the goals of the strategy, the conditions for achievement of the goals, the factors in development, and the measures to achieve the established goals: "The strategy for economic development is limited to defining the state's role in Slovene economic development."

Dr. Marjan Senjur of the Ljubljana School of Economics defined the strategy's goals: "The starting point for the goals set is that the future is very uncertain and unpredictable. The initial goal is therefore to make the Slovene Government capable, in this uncertain world, of successfully facing challenges in the future. The strategy's goals are qualitative ones. The goal is gradually catching up with the developed European states (5-percent annual growth). We will achieve more rapid growth through greater competitiveness of the economy, which functions in an autonomous and market-oriented manner. The state's role is to create and maintain the basic conditions for economic development. An efficient state administration is an integral part of any state's competitiveness. An international market is not a question of choice, but rather necessity. The sustainability of economic development from the standpoint of national identity, environmental protection, and social security is the limitation and framework that has to be taken into account in economic development."

Dr. Senjur also spoke about the factors in economic development. The strategy puts the human factor in first place—in this regard an active population policy, concern about health, sports, and culture, and the necessity of education are necessary. The Slovene strategy likewise provides guidelines for increasing investments. The authors of the document advocate the idea that Slovenia also has to have its own technological development. Entrepreneurship is fundamental for technological development because it introduces innovations into economic practice. One of Slovenia's basic strategic goals

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remains the creation of approximately the same living and working conditions in all areas; economic development has to be stable, both because of the environment and from the social standpoint. Because the EU's key development projects are associated precisely with accelerated development of the economic infrastructure, it is extremely important to us whether we will become part of Europe in terms of infrastructure.

Dr. Franjo Stiblar from the Law School and the Economics Institute at that school predicts for Slovenia that in the future at most 10 percent of its trade will be with East Europe, up to 5 percent with Russia, and at most one-third with the former Yugoslav states, while a more realistic estimate is that it will not exceed 20 percent.

Dr. Janez Potocnik of the Slovene Institute for Macroeconomic Analyses and Development emphasized that the document had been developed in an extremely apolitical manner. The parliament would thus only discuss it but would not be able to amend it. The members of the coordinating group for preparation of the document all thought that they could only back a professional document, but not a political one.

Data Provided on Privately Held Weapons

95BA0244D Trieste PRIMORSKI DNEVNIK in Slovene 30 Apr 95 p 12

[Article by Vlado Kadunec: "We Slovenes Are Quite Well Armed"]

[FBIS Translated Text] Ljubljana—The Law on Military Service, which was published in URADNI LIST RS, No. 18/91, specifies that a military reservist who has a specific military assignment can keep his weapon at home, and article 53 of the Law on Defense also regulates more detailed provisions on the maintenance of military weapons and equipment.

Military officers hand over a weapon to a reservist who, because of his assignment, has to be in constant readiness, only after careful verification of his psychological and physical characteristics. The reservist receives a technically inspected weapon in a hermetically sealed package, which he can open only on orders from his superior officer. Upon acceptance of the weapon, the reservist has to sign a special statement in which he promises that he will guard and store the weapon and ammunition in such a way that it will not get into the hands of unauthorized persons, and that he will not unseal it and use it without orders from a superior officer, under financial and criminal penalties. At the request of authorized officials, the reservist must submit the weapon entrusted to him for inspection and return it if another military duty is assigned to him or he moves to another region or goes abroad for a period longer than 30 days.

The reservist promises that in the event of accidental damage to the packaging, he will immediately report it to the proper headquarters. The reservist can carry the weapon with him only in case of mobilization exercises or a call-up of units, which he will prove with his military ID.

According to some information, from 300 to 500 officers and military conscripts throughout Slovenia are reportedly keeping weapons at home, and recently that trust has been abused in several cases, three of which ended in death. The most notorious was the April case in which 22-year-old reservist Daniel Cergol at Klanec near Kozina shot his closest relatives: his father, mother, and 18-year-old brother.

More than 70,000 different weapons are registered in Slovenia, and at the end of 1994, 35,379 people had weapons documents in our country and 9,962 of them had a weapons possession permit. The police registers list a total of 72,789 different firearms for which Slovene citizens had weapons documents or possession permits, and enterprises or other organizations had 7,375 weapons in their possession.

Because the war areas are so close, there are probably several times more weapons in Slovenia. Such a conclusion is also confirmed by a report from the Ministry of Internal Affairs for 1994, which says that during that year the police seized 2,031 different weapons for illegal arms possession or carrying weapons without an appropriate permit: 408 military weapons, 165 hunting weapons, 220 sporting weapons, and 1,238 other weapons (edged weapons, gas weapons, flares...). In addition to this they seized 241 grenades, 446 explosive devices, 1,748 gas charges and sprayers, and 1,418,636 pyrotechnical devices. In addition to the weapons, police also confiscated from various individuals 102,821 pieces of various ammunition, 134,556 kilograms of explosives, 594 detonators....

Last year 112 criminal indictments were filed because of violations of the weapons law, along with 1,416 proposals to institute proceedings before a judge and 67 proposals to institute administrative proceedings for the confiscation of weapons.

Last year 38 military weapons, 22 hunting weapons, and 15 sporting weapons were stolen because of the inappropriate storage of weapons in buildings or vehicles. Last year 66 injuries were treated as a result of careless handling of weapons or explosives, six people died because of the inexpert disassembly of a mine, and four individuals committed suicide with grenades. Last year

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explosions or incorrect use of weapons also injured 29 children in Slovenia.

Reporter Examines Refugee Center in Slovenia

95BA0249N Ljubljana OSLOBODJENJE in Serbo-Croatian 20 Apr 95 pp 20-21

[Article by Midhad Plivcic: "In a Humiliating Line"]

[FBIS Translated Text] We reached the Slovene "end of the world," Tolmin, by roads that recalled our own Bosnia of some 20 years ago. Asphalt patch on patch, a narrow road through low hills, hairpin turns, sharp curves blocking the view of the road. It was a two-hour drive from Ljubljana. First by the limited-access highway toward Postojna—short, comfortable, and fast—then through the woods, the hills, and the canyon—through Idrija—to the Soca River. By the time we arrived at Most na Soci, the sun was coming up, the hills were moving apart, a superb blue-green color was offered to the eye. And then it was not far to Tolmin. A few minutes' drive. They told us later that it would have been better if we had gone around, via Postojna and Nova Gorica. It is longer, considerably longer, but faster.

Be that as it may, one perceives the very trip to Tolmin as something unpleasant. For us who came for a few hours, it was all like a passing inconvenience. But what is it like for those who have come by those same roads for a long time into and onto someone else's territory, people whose souls are permanently bound up with some country today too far away in the bowels of the Balkans? Is it dawning for them alongside the Soca, or is the trouble in the hills of Idrija persisting permanently?

Life in the Garrison

The little town of Tolmin is not all that big. The industrious inhabitants have wrought with their own hands what the Slovenes do everywhere: They maintain the houses and vicinity in almost irreproachable order. At the exit stands what was formerly a military garrison at the foot of a rise. Yugoslav soldiers were in it until July of 1991. When they left, youths in olive drab uniform, by order of their officers of course, destroyed everything that could be destroyed. Only the walls and roof were left. Less than a year later, in April 1992, when the chetniks in Bosnia-Herzegovina lit the flame of war in order to complete fulfillment of the plan for an expanded Serbia and when the first refugees from the chetnik knife, bullet, shell, and fire began to arrive in Slovenia, in Tolmin they hastily turned the garrison into a refugee center. Mattresses were thrown down in the large soldiers' dormitories, the kitchen was equipped, the necessary repairs were made to the wiring and plumbing. Later, on the run, conditions were brought about for "more normal" life: plywood partitions were put up in the dormitories, beds were supplied, the dining room was fitted out, bathrooms, a classroom, a chapel.... Late last year central heating was put into operation. And the grounds between the buildings were spruced up. Humanitarians, donors, newsmen were arriving.... Recently there was a visit by Marjetka Manfreda, a newspaperwoman from MLADINA. She talked to the refugees, she visited the center, and she talked for a long time with the director Dusan Jug.... The result of all this was an article entitled "More Understanding" (the visit took place in December, the article was published in April?!). In the article, she accused the management of unexampled authoritarianism, as though this were a correctional center, not a center for refugees, because certain needs of hygiene could not be met (hot water twice a week for half an hour; instead of washing machines, a cooking pot; limited consumption of electric power...), because of the inhuman attitude of the storeroom custodian Franc Kravanja toward the refugees.... In its next issue, MLADINA published the reaction from Dusan Jug. The director rejected the accusations in the article and suggested: "I hereby inform all those who want the real truth about the reception center in Tolmin that the center's doors are open."

The Accommodating Director

When we set out for Tolmin, we did not know about this "public invitation" by the director. As required by regulations, we announced our professional intention to the Office for Refugees of the Republic of Slovenia in Ljubljana, and then we were duly informed that we could visit the center. The time between our fax message to the office and our arrival at the grounds of the center was 48 hours. Was this too little or sufficient to prepare a "nicer picture"?! Director Jug was extremely accommodating, even "too much," as the Slovenes would say. He tried to stay with us during the entire time of the visit, so that he would be "at hand" for us. The malicious might interpret these accommodating gestures in the form of a new question: Did we meet only "certain" refugees? After a visit and conversation lasting five hours, we do not have answers to those questions. To be sure, we did feel in the air that there was "something more." However, there were few who would speak specifically, or at least not in front of the director. Nevertheless, we also did that part of the newsman's business and listened to the "other side."

Dusan Jug gave us the information we requested: The center at the moment has 139 refugees from 31 opstinas in Bosnia-Herzegovina (nine in eastern

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Bosnia, eight in Bosanska Krajina, the rest in central Bosnia-Herzegovina). More than 600 refugees have gone through the center since it was opened. At the beginning there were mostly Croats, more than half from the Neretva Valley. Since mid-1993, the Croats have been leaving the center on an organized basis for third countries or returning to their homes. Today, the center has only one Croatian family (and one single man). The rest are Bosnian Muslims. On the wall of the room where we talked, there was a map of Bosnia-Herzegovina drawn with a child's hand. Within the borders were written only the names of the opstinas from which the refugees had come: Zvornik, Lukavac, Kljuc, Gacko, Prozor, Sanski Most, Bihac, Bratunac, Mostar, Srebrenica, Srebrenik.... From Sarajevo, one (incomplete) family, a mother with two small children.

The "Poor" and the "Rich"

Director Jug then gave us information about family status: 12 complete families (46 people in all), 20 mothers with children (81 persons), three couples without children, four young women, three older women, and three older men.... Information about the financial situation of the families is essential to understanding the situation (relations within the center, between the management and the refugees, and among the refugees): The fathers of four families (14 persons) are living and working in Germany, the fathers of six families are working in Slovenia (and live away from Tolmin), and only in eight cases were the heads of families in Bosnia (or had been killed).... The refugees are allowed (tacitly, it is true) to work outside the center. Of course, it is easier for craftsmen and those able to do heavy physical work to get a job.

"Those who have more are more dissatisfied. They are bothered by trifles, they avoid their work obligations in the center, and they raise objections for no reason. The refugee life is tolerated most easily by those who have nothing...," Director Jug related. And refugee life is not easy for a thousand reasons. Starting with the fact that this is a communal accommodation, and people have a soul, each his own and none the same, and there are house rules "regulating" both sleep and stomach and good moods and bad (get up at 0800, breakfast at 0830, snack for the children at 1000, lunch at 1300, supper at 1800, to bed at 2130...), baths have to be taken on certain days at a certain hour, underwear has to be boiled in the communal pot, and then rinsed in the washing machine (bed linen is the concern of the management)...suggesting the conclusion that for everything one has to stand "in a humiliating line" (as refugee Vahida Kuce put it poetically). At the same time, one can understand the director's requirement that everyone must abide by the house rules, that they themselves must be mindful of the environment, of keeping things clean. After all, they live there.

"If they are to live better, the refugees have to work: women in the dining room and in the halls. The center is maintained with funds that we receive from the Office for Refugees of the Republic of Slovenia, through the aid of humanitarian organizations, and other donations. From the office, we get 350 tolars (slightly more than four German marks [DM] per refugee per day. From those funds, we have to pay all the overhead (water, electricity...), and food.... If we paid third parties for cleaning, if we wasted electricity and water, there would be less to eat," the director explained.

Three Types of "Work Obligations"

As for "work obligations," all the refugees are divided into three groups: workers in the educational and child-rearing process (kindergarten and elementary school), the women who maintain hygiene in the communal areas, and the men who are on duty at the reception desk and do minor repairs and maintain the grounds. The children work off their "work obligation" in school. We were told about the operation of the school by its principal Muhamed Zaimovic, a teacher who is a refugee from Zvornik:

"We have already graduated two groups from the eighth grade. The school has nine teachers. We have had problems with textbooks, but the administration helps us as much as it can. We have been getting school supplies from friends in Italy.... In addition to the teaching process, we have also organized numerous extracurricular activities. We have organized several performances, excursions; we went to Italy.... Graduates from the eighth grade are continuing their studies in Slovene schools: the Hostelry School and Academic High School in Tolmin. They are doing fine. They studied and learned Slovene while they were still 'with us,' because that was one of the subjects."

Sabaheta Zaimovic works in the kindergarten, and those who work in the school include Sabina Sabanovic and Vahida Kuce. They told us about the difficulties of refugee life, but also about the nice side of working with children. They say that this is their sole satisfaction. They say that life is satisfactory for them in the center.

Living conditions in the center are also satisfactory for Meho Zeric, a refugee from Bihac, and the family of Alija Suljic (from Lukavac), who among other things expressed a thought that might serve as a kind of summary of the differing views of refugee life in Tolmin: "We could do more for one another; we need more tolerance and patience. There are both good and

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bad among us and in the management." His wife, Hata, adds: "Living conditions are the same in the center for everyone, but we do not live the same. That is the way it has always been; whoever has money has everything." However, they all lack what does not exist here: Bosnia, their native region, their homes, everything that is theirs. And that is what these people cannot make up for. There is also something else they might do: They might talk more frequently, to add at least a little balm on torn souls. That is also what they expect of our diplomatic representatives in Slovenia. They say that no one has ever visited them, no one has ever had a talk with them, and that is what they need most. Then it would be easier to put up with everything that is difficult.

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Federal

Living Standard Declines as Reform Continues

AU2505184995 Belgrade POLITIKA in Serbo-Croatian 21 May 95 p 10

[Article by Rodoljub Geric: "The Second Stage"]

[FBIS Translated Text] At the end of last week, the federal government published information that Yugoslavia would finally enter the so-called second stage in the implementation of the economic program. Regarding the fact that the first stage was practically completed in 1994, this, in other words, means that we should—after months of waiting for both the results achieved by Avramovic's groups and for the announcement through which concrete measures they have been applied on all levels—soon leave a kind of vacuum we have been in since January.

It is only understandable that how soon this will happen remains to be seen. Especially because careful readers of this sometimes relatively unintelligible information could not miss its final statement in which it was precisely announced that the federal government had formed its working group that would study the work of Avramovic's groups in order to "make them operative."

No one who follows local economic events relatively carefully should be surprised by this hesitation, however. First of all because of great and evident uncertainties regarding the removal of the international sanctions. And then also because of not less evident uncertainties in Yugoslavia itself.

Disappointing Statistics

Numerous unambiguous indicators point to this conclusion. They can be presented on the development of prices that rose by a worrying 8 percent in April, which—if it remains like this—could cause a yearly inflation rate higher than 100 percent. At the same time, the report about a 15-percent production growth from the beginning of January until the end of April was spoiled by the information that the April production rate dropped by one-tenth compared to March. The optimism was also spoiled by experts' analyses (Institute of Economic Sciences) that warned that even the March production rate would have been approximately minus 0.6 percent had there not been the immense rise in electric energy production, which was caused by the weather conditions.

Because of all that, the standard of living has been falling, in spite of the fact that parallel to prices, salaries and wages have also been rising from month to month. According to the "Consumer's Basket," published by the economic journal "Privredni Pregled" [Economic Review] (in which, we would add, all articles are included a family really must "use" during the day, excluding cooked ham), the daily costs amounted in Belgrade in mid-May to almost 34 dinars (in Kragujevac, which is the most expensive Serbian town, these costs amounted to 35.56 dinars), which if multiplied by the number of days in a month would result in a sum that exceeds three average monthly incomes. Until recently two average monthly incomes were necessary to cover these needs.

Shrewd Bank Managers

Since the people—those with an average income at least—do not have the money for anything else but for food, it can be concluded that all branches of industry except for the food industry are in a crisis, including the banking system, since the citizens of this country, even if they wanted (although they do not want it for well-known reasons), do not have any money to put into savings accounts, which would produce some money for the well being of all, too. In such a situation, not even the banks in which the savings hardly amount to the sum of several tens of millions of dinars, can cover their huge needs, let alone lend money, this even more so because the central bank will not additionally print it.

From internal bank meetings (those of shareholders), we can more or less hear only about how successful banks are, never the information on any problems. From group meetings (the Association of Banks), on the other hand, only the information on a general collapse of the Yugoslav bank system can be heard, which has made bank managers search for a solution in "free interest rates" in compliance with "the requirements of the market." This situation could admittedly have led them to another idea too, the one because of which we shall perhaps never learn who were the real actors in the recent monetary chaos, during which the German mark jumped to the equivalence of five dinars, in order to fall back to two dinars again. These are only illustrations of the difficulties with which the creators of the present economic politics have been confronted during the last months. Their difficulties should have been even bigger since the old truth that two fully opposite attitudes are possible toward one and the same thesis, both of which can be defended with fully valid arguments, became clear.

We claim this only to show that from this point of view, those bankers who supported free interest rates—since this is a category of the market economy—were certainly right. Also correct were those Yugoslav experts (N. Savic and D. Cvjeticanin) who noticed that in that case, it would be necessary to prescribe at

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least how big the difference between the active and the passive interest rate could be, since in the opposite case, banks could have the possibility to require 200-percent interest on borrowed money and pay only 2 percent for savings. A bank manager (L. Mihajlovic) who asked himself who could pay the yearly interest rate of 100 percent, which would correspond to the situation on the market, was right, too. He gave the following answer: Nobody, except for drug traffickers.

Opposing arguments like these could be heard in connection with all important issues on which the future of the country will depend. There were some people who thought that the dinar—since everybody had in the meantime realized that its value did not exceed 0.5 German marks—should at last be devalued. There were, however, also those who thought the other way round—that it should not be devalued. There were some people who required that salaries and wages be frozen again since they could, in their opinion, affect the prices; some others, on the other hand, rejected this solution as dangerous since it could have affected the motivation of workers....

Prices: Going Up and Down

The question of the budget—that is, of public expenditure—was one of the key dilemmas. On the one hand, the state promised—with the aim to prevent the prices from rising—to take the money for public expenditure only from the so-called real sources, that is from taxes and customs duties, but it could not deny that taxes and customs duties still affected the prices. On the other hand, it was reproached that budget spending was too big, there were requests to reduce it by half, claiming that the Yugoslav public expenditure was, compared to its gross national product, double as high as anywhere in the world. The state answered: All right, but tell us what to reduce. Pensions? The already small salaries of physicians and teachers? Military expenditure?

At the same time, the discussions about the prices of electricity, heating, water and other basic supplies went on for a long time; the arguments included the endangered standard of living and the inevitable influence these price would have on all other prices on the one hand, and water and steam power plants that would not be able to survive unless some money was invested into them on the other. Facts against facts, which led to the announcement of a new economic policy for the beginning of April, and at the end of May working groups are being established whose task will be to study the achievements of the previous working groups.

Some prices have in the meantime been returned to the previous level. Some have risen. In order to improve the hard currency situation, decisions have been passed that should—instead of a devaluation—encourage exports and stop imports. The price of the exit permit has risen again, so a family that has planned to spend their vacation in Greece will need approximately 260 dinars for its members and a car only to pay this tax; apart from that, they will have to pay for visas, gasoline, etc.. Tourists, as well as everybody else, is adding up the sums and shaking their heads. It seems that everything is not going like clockwork.

And it is not. This is a kind of proof that we are still very deep in the second stage of the economic program. And it was stated a long time ago that the second stage would be much worse than the previous one.

Serbia

Envoy Talks With Milosevic, Sees Hope for Peace

LD2505161395 Belgrade TANJUG Domestic Service in Serbo-Croatian 1512 GMT 25 May 95

[FBIS Translated Text] Belgrade, 25 May (TANJUG)—Following several hours of talks with Serbian President Slobodan Milosevic, Russian President Boris Yeltsin's special envoy Aleksandr Zotov said today that he is not in a position to reveal details about the talks, adding that they were meaningful and that they focused on possible solutions to the crisis in the former Yugoslavia.

"Here in Belgrade, there is both a sense of responsibility and the desire to normalize the situation throughout southern Europe," Zotov said, stressing that he heard this during his talks with Milosevic today.

He said the talks with the Serbian president "were not typical negotiations but exchanges of views about the current situation in the former Yugoslavia."

"I am encouraged by Belgrade's sense of responsibility manifested both in its contribution to the process of the normalization of the regional situation and in its efforts to make balanced moves leading toward peace," said the Russian envoy, who arrived in Belgrade yesterday.

Asked how Moscow sees the current stage of the peace process, Zotov replied briefly: "There is hope after all."

Radicals Say Milosevic Agreed to Air Strikes

LD2505220095 Belgrade SRNA in Serbo-Croatian 1950 GMT 25 May 95

[FBIS Translated Text] Belgrade, 25 May (SRNA)—The Serbian Radical Party of Serb Lands [Srpska radikalna stranka srpskih Zemalja—SRS] believes that

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the latest criminal bombing by NATO aircraft of Pale municipality was carried out in agreement with Serbian President Slobodan Milosevic, Aleksandar Vucic, a SRS deputy in the Serbian assembly, told SRNA today.

According to him, the Serbian president agreed during his talks this afternoon with Aleksandr Zotov, the Russian representative in the contact group, that the international community should carry out this attack.

"Milosevic brought about these events by his so-called peaceful policy, so it is obvious that the more he speaks about peace, the harder the Serb enemies strike against the western Serb lands," Vucic said.

He conveyed the SRS stance that the [Bosnian] Serb Republic army should now respond with all available means against Muslim positions in Sarajevo, Gorazde, Zepa, and Srebrenica.

"Serbs must no longer heed the requests of Belgrade and the international community, but must fiercely strike against the Muslim army so they will never again dream of requesting a NATO air force intervention," Vucic said in conclusion.

Montenegro

Djindjic Warned About Secession Tendencies

AU2505151695 Belgrade TELEGRAF in Serbo-Croatian 24 May 95 p 2

[Unattributed report: "Secret Luncheon Zoran Djindjuc Had In Podgorica"]

[FBIS Translated Text] At the end of the last week, Zoran Djindjic [Democratic Party leader] suddenly arrived in Podgorica and spent an hour and a half having luncheon with Momir Bulatovic and Milo Djukanovic [Montenegrin president and prime minister] (Djukanovic stayed at the luncheon for half an hour). This visit turned into serious political talks with the Montenegrin leaders. According to TELEGRAF's sources, Bulatovic and Djukanovic indicated to Djindjic that federal elections are certain, because—as they stated to the leader of the Serbian Democrats—Montenegro cares very much about constituting "a federal state based on the rule of law."

If the opposite happens—as Montenegrin leaders suggested to Djindjic—there will be an ever more evident "Slovene syndrome" in Montenegro. That is to say, there is an ever more realistic option of certain political forces in Montenegro effectively demanding the secession of that republic from the Federal Republic of Yugoslavia, and even of this demand meeting a mass response among the Montenegrin population. As our sources report, Bulatovic and Djukanovic linked the viability of that option with the policy of the SPS [Socialist Party of Serbia], that is, with the hesitation on the part of the Serbian Socialists to set up at the federal level an efficient state of the Serbian and Montenegrin peoples based on the rule of law. Above all, the Montenegrin leaders would not like to be manipulated with the policy of the JUL [Yugoslav Associated Left] through the cooperation with SPS and, in general, to get ideology and new self-management imported through the federal state.

Everything suggests, as TELEGRAF's sources point out, that with these suggestions Momir Bulatovic and Milo Djukanovic implied to Zoran Djindjic there is a search for parliamentary allies among the Serbian opposition forces. The leader of the Serbian Democrats could not understand whether what is involved was a mere tactical coalition on the eve of the possible federal elections, or a completely new political turnabout by Montenegrin socialists regarding their former partners in Serbia, our reliable sources add.

Djindjic's Democrats promptly reacted by announcing their list for federal parliamentary elections.

Kosovo

Demaci to UK: Stop 'Another Bosnia' in Province

AU2605071095 Pristina Kosova Daily Report in English 25 May 95

[FBIS Transcribed Text] Adem Demaci, the Albanian writer who spent 28 years in Serbian-"Yugoslav" prisons for his political activities in the struggle for the rights of his own people to freedom and self-rule, now chairman of the Prishtina-based Council for the Defense of Human Rights and Freedoms (CDHRF), during a meeting he had on Tuesday with Matthew Rycroft, head of Policy Section, EAU (East Adriatic Unit), Foreign Office, and Anthony Crombie, deputy head of British mission in Belgrade, said the policy advocated by Britain regarding Kosova meant slavery for Albanians, a CDHRF statement says.

In the meeting, Mr. Demaci reiterated the views he put forward during a meeting earlier this month with the secretary of the British Embassy in Belgrade, David Austin. The Albanians have committed themselves to a peaceful path in their determination to see the Kosova issue resolved in a democratic way, CDHRF leader said, adding that "regretfully, Europe is not rewarding this policy of the Albanians."

"Unfortunately, I have to say that the British are supporting the orientation which requires that the Albanians accept slavery. The same applies for France," Adem Demaci said, adding that advancement of the idea that

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the solution for Kosova should be sought within the framework of the Serbian state means in fact that the Kosova Albanians are required to acquiesce to living under occupation and constant repression of the severest form.

Mr. Demaci called on the British Government to get more profoundly engaged in the Albanian problem and in the prevention of another Bosnia in Kosova, says a CDHRF statement issued today.

British Diplomats Voice 'Concern' Over Situation

AU2505193095 Pristina Kosova Daily Report in English 23 May 95

[FBIS Transcribed Text] President of the Republic of Kosova, Dr. Ibrahim Rugova, received today in Prishtina Mr. Matthew Rycroft, head of Policy Sector, EAU (East Adriatic Unit), Foreign Office, and Mr. Anthony Crombie, deputy head of Mission of the British Embassy in Belgrade. President Rugova told the British diplomats that the already grave situation in Kosova has been further deteriorating due to continued Serbian repression against the Albanians.

Dr. Rugova reiterated the position that the Kosova issue should be solved on the basis of the citizens' expressed will for Kosova's independence. He stressed that Albanians are committed to peaceful and political means in their struggle towards the settlement of the Kosova issue. An independent and neutral Kosova, open towards Serbia and Albania, is an optimum solution that would bring about a lasting peace in the region, Dr. Rugova said.

British diplomats expressed the continued concern of the British Government over the situation in Kosova, and the support for an acceptable and a satisfactory solution in Kosova. They reiterated the stand of their government that Serbia cannot get integrated in the international institutions unless a satisfactory and negotiated solution to the Kosova issue is ensured. In the meeting, President Rugova and the British diplomats shared an interest in the recent developments in the region.

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